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# PUBLIC AND PRIVATE EDUCATION ASSISTANCE ACT OF 1972

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## HEARINGS

BEFORE THE

### GENERAL SUBCOMMITTEE ON EDUCATION

OF THE

## COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

ON

### H. R. 16202

A BILL TO AUTHORIZE PAYMENTS TO STATE EDUCATIONAL AGENCIES FOR ELEMENTARY AND SECONDARY EDUCATION

HEARINGS HELD IN WASHINGTON, D.C.,  
AUGUST 14 AND 17, 1972

Printed for the use of the Committee on Education and Labor  
CARL D. PERKINS, *Chairman*



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ASSISTANCE ACT OF 1975  
PUBLIC AND PRIVATE EDUCATION

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# PUBLIC AND PRIVATE EDUCATION ASSISTANCE ACT OF 1972

MONDAY, AUGUST 14, 1972

HOUSE OF REPRESENTATIVES,  
GENERAL SUBCOMMITTEE ON EDUCATION  
OF THE COMMITTEE ON EDUCATION AND LABOR,  
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room 2261, Rayburn House Office Building, Hon. Roman C. Pucinski (chairman of the subcommittee) presiding.

Present: Representatives Pucinski, Ford, and Ruth.

Staff members present: John Jennings, subcommittee counsel; Toni Painter, secretary and Cindy Banzer, minority legislative assistant.

(Text of H.R. 16202 follows:)

[H.R. 16202]

A BILL To authorize payments to State educational agencies for elementary and secondary education

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SECTION 1. SHORT TITLE.

This Act may be cited as the "Public and Private Education Assistance Act of 1972"

## PAYMENTS TO STATE EDUCATIONAL AGENCIES FOR ELEMENTARY AND SECONDARY EDUCATION

### SEC. 101. PAYMENTS.

Except as otherwise provided in this Act, the Secretary (as defined in section 107(a)) shall, for each entitlement period (as defined in section 107(b)), pay out of the Public Education Trust Fund created by section 104 to each State (as defined in section 107(c)) for use by the State educational agency (as defined in section 107(d)) for public education equalization expenditures (as defined in section 102), and for expenditures authorized by section 105(a)(7) a total amount equal to the entitlement of such State for such period (determined under section 103). Such payments shall be made in installments during any period but not less often than once each quarter. Such payments for any period may be initially made on the basis of estimates. Proper adjustment shall be made in the amount of any payment to a State, to the extent that the payments previously made to such State under this Act were in excess of or less than the amounts required to be paid. A State may not treat funds it receives under this Act as a contribution made from non-Federal funds for purposes of any formula provided by a law of the United States under which non-Federal funds must be made available in order to receive Federal funds.

### SEC. 102. PUBLIC EDUCATION EQUALIZATION EXPENDITURES.

(a) IN GENERAL.—For purposes of this Act, the term "public education equalization expenditures" means payments by a State under a program for the purpose of equalizing educational opportunities of public school students in the State.

## (b) QUALIFIED PROGRAMS.—

(1) WHERE STATE SUPPLIES AT LEAST 90 PERCENT OF COST OF PUBLIC EDUCATION.—If a State for any entitlement period supplies 90 percent or more of the non-Federal funding of public elementary and secondary education, then its expenditures for such period will be considered to be public education equalization expenditures if the State funds are allocated among public elementary and secondary schools under a program based on providing an equal amount of funds for the education of each public school student in the State appropriately adjusted to provide differential amounts of funds for public school students in the State according to criteria prescribed by the Secretary designed to achieve the equalization of educational opportunities of public school students within the State.

(2) WHERE STATE SUPPLIES LESS THAN 90 PERCENT OF COST OF PUBLIC EDUCATION.—If a State for any entitlement period supplies less than 90 percent of the non-Federal funding of public elementary and secondary education, then its expenditures for such period will be considered to be public education equalization expenditures if the State funds are distributed among school districts under a program which will allocate State funds among school districts for an entitlement period in proportion to the amount by which each district hypothetical educational expenditures exceeds the sum of its hypothetical property tax revenue plus State allocations to the district for public education other than allocations under a program providing public education equalization expenditures.

(A) For purposes of this subsection, the term "hypothetical educational expenditures" means for any school district the product derived by multiplying (i) the number of public school students within the district times (ii) the total non-Federal expenditures for public education within the State over the total number of public school students within the State.

(B) For purposes of this subsection, the term "hypothetical property tax revenues" means for any school district the product derived by multiplying (i) the assessed value of all assessable real property within the district times (ii) the total non-Federal expenditures for public education within the State over the total assessed value of all assessable real property within the State.

(C) For the purposes of this subsection, the Secretary by appropriate regulation shall prescribe such criteria as may be necessary to assure equalization of educational opportunity in each local education agency of the State comparable to that that would be achieved in a State qualifying under subsection (1).

(D) REGULATIONS.—The Secretary may prescribe regulations describing other programs for equalizing educational opportunities of public school students expenditures under which will qualify as public education equalization expenditures.

## SEC. 103. AMOUNT OF ENTITLEMENT OF STATE.

## (a) IN GENERAL.—

(1) Except as provided in paragraphs (b), (c), and (d) there shall be paid to a State educational agency from two-thirds of the amount appropriated to the Trust Fund pursuant to section 104(a) (1) for any entitlement period an amount equal to the amount obtained by multiplying the fraction of which (i) the estimated number of children who will be in the membership of elementary and secondary schools within the State is the numerator and (ii) the total number of all such children in all of the States is the denominator by two-thirds of the total amount of the funds deposited in the Trust Fund established pursuant to section 104(a) (1) available for distribution at the time the allocation is made.

(2) In addition to the payments made in subsection (1) there shall be paid to a State educational agency from one-third of the amounts appropriated to the Trust Fund pursuant to section 104(a) (1) for any entitlement period an amount obtained by multiplying the fraction of which (i) the number of children aged five to seventeen coming from families whose income is less than \$4,000 per annum (to be referred to as the "low income factor") (as determined by the Secretary from the most recent United States Census data available to him) within such State is the numerator and (ii) the total of all such children in all the States is the denominator by one-third of the total amount of the funds deposited in the Trust Fund pursuant to section 104(a) (1) available for distribution at the time the allocation is made. For

the fiscal year beginning June 30, 1974, and for each ensuing fiscal year thereafter there shall also be counted for the purposes of this subsection those children coming from families, if any, whose income is in excess of \$4,000 per annum from that program of aid to families with dependent children under a State plan approved under title IV of the Social Security Act.

(3) The estimated number of children who will be in the membership of elementary and secondary schools in a State shall be determined by uniform criteria prescribed by the Secretary.

(b) EXCEPTIONS.—The total payment to a State for any entitlement period under subsection (a) may not exceed 30 percent of the total non-Federal funds spent within the State for such period on public elementary and secondary education.

(c) From the amounts appropriated to the trust fund pursuant to section 104(a) (2) the Secretary shall allot such sums to Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands as will most appropriately meet the objectives of this Act according to their respective needs for assistance.

(d) No allotment shall be made to any State from the trust fund established pursuant to section 104 unless for the applicable entitlement period such State has in effect a qualified program of public education equalization expenditure in conformance with section 102.

## SEC. 104. PUBLIC EDUCATION TRUST FUND.

### (a) APPROPRIATIONS.—

(1) IN GENERAL.—There is hereby authorized to be appropriated for the fiscal year beginning July 1, 1972, \$2,250,000,000, for the fiscal year beginning July 1, 1973, \$4,000,000,000, for the fiscal year beginning July 1, 1974, \$6,000,000,000, and for each of the fiscal years thereafter through the fiscal year beginning July 1, 1977, \$10,000,000,000, to carry out the purposes of this Act.

(2) In addition to the amounts authorized to be appropriated pursuant to subsection (1) there is authorized to be appropriated for each of the fiscal years for which an appropriation is authorized by subsection (1) an amount equal to 2 percent of the amounts authorized to be appropriated for each of the fiscal years provided for in subsection (1) for making payments out of the Trust Fund created by this section for the purposes specified in paragraph (c) of section 103.

(3) DEPOSIT IN TRUST FUND.—The amounts appropriated pursuant to paragraphs (1) and (2) for any period shall be deposited in the trust fund created by subsection (b) on the first day of such period (or, if later, on the day on which this Act is enacted).

### (b) CREATION OF TRUST FUND.—

(1) There is created in the books of the Treasury of the United States a trust fund to be known as the "Public Education Trust Fund" (referred to in this subtitle as the "Trust Fund"). The Trust Fund shall remain available without fiscal year limitation and shall consist of such amounts as may be appropriated to it and deposited in it as provided in subsection (a) Amounts in the Trust Fund may be used only for the payments to State educational agencies provided by this Act.

(2) The Secretary of Health, Education, and Welfare shall be the trustee of the Trust Fund and shall report to the Congress not later than March 1 of each year on the operation and status of the Trust Fund during the preceding fiscal year.

## SEC. 105. GENERAL PROVISIONS.

(a) ASSURANCE OF STATE PUBLIC EDUCATIONS EQUALIZATION EXPENDITURES PLANS.—In order to qualify for any payment under this Act for any entitlement period beginning on or after July 1, 1972, a State educational agency must establish (in accordance with regulations prescribed by the Secretary) to the satisfaction of the Secretary—

(1) that the State educational agency will establish a trust fund in which it will deposit all payments it receives under this Act;

(2) that it will use amounts in such trust fund (including any interest earned thereon while in such trust fund) only for high-priority public education equalization expenditures, and for the purposes of section 105(a) (7) and that it will so use such amounts during such reasonable period or periods as may be provided in such regulations;

(3) that it will pay over to the Secretary (for deposit in the general fund of the Treasury) an amount equal to 110 percent of any amount expended out of its trust fund established pursuant to paragraph (1) in violation of paragraph (2) which is not promptly repaid to the trust fund (or the violation otherwise corrected) after notice and an opportunity to take corrective action;

(4) that the State educational agency will—

(A) use such fiscal, accounting, and audit procedures as will conform to guidelines established therefor by the Secretary (after consultation with the Comptroller General of the United States) and as will assure compliance with paragraphs (2) and (3).

(B) provide to the Secretary (and to the Comptroller General of the United States), on reasonable notice, access to, and the right to examine, such books, documents, papers, or records as the Secretary may reasonably require for purposes of reviewing compliance with this subsection (or, in the case of the Comptroller General, as the Comptroller General may reasonably require for purposes of reviewing compliance and operations under subsection (c) (2)), and

(C) make such annual and interim reports to the Secretary as he may reasonably require;

(5) that all laborers and mechanics employed by contractors or subcontractors in the performance of work on construction financed in whole or in part out of its trust fund established under paragraph (1) will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and that with respect to the labor standards specified in this paragraph the Secretary of Labor shall act in accordance with Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c);

(6) that persons employed in jobs financed in whole or in part out of its trust fund established under paragraph (1) will be paid wages which shall not be lower than the prevailing rates of pay for persons employed in similar jobs by such State;

(7) that—

(A) (i) to the extent consistent with the number of children in the State who are enrolled in private nonprofit elementary and secondary schools, the State educational agency, after consultation with the appropriate private school officials, will provide for the benefit of such children in such schools secular, neutral, or nonideological services, materials, and equipment including such facilities as necessary for their provisions, consistent with subparagraph (B) of this section, or, if such are not feasible or necessary in one or more of such private schools as determined by the State educational agency after consultation with the appropriate private school officials, such other arrangements, as dual enrollments, which will assure adequate benefits for such children and (ii) from the funds received by the State educational agency under this Act the State educational agency will expend for the purposes of fulfilling the requirements of this paragraph, an amount which bears the same ratio to the total amount received under this Act as the number of children enrolled in private nonprofit schools bears to the total number of such children enrolled in elementary and secondary schools in the State;

(B) (i) the control of funds provided under this section and title to property acquired therewith shall be in a public agency for the uses and purposes provided in this section, and that a public agency will administer such funds and property; (ii) the provision of services pursuant to subparagraph (A) shall be provided by employees of such public agency or through contract by such public agency with a person, an association, agency, or corporation who or which in the provision of such services, is independent of such private school and any religious organization, and such employment or contract shall be under the control and supervision of such public agency; (iii) the funds provided under this paragraph shall not be commingled with other funds; and (iv) Federal funds made available under this paragraph will be so used as to supplement and, to the extent possible, increase the level of funds that would, in the absence of such Federal funds, be made available

from non-Federal sources for the education of pupils participating in programs and projects assisted under this paragraph; and

(C) it will keep such records and afford such access thereto as the State educational agency may find necessary to assure the correctness and verification of such applications.

(8) that it will require any local educational agency in a State which is to receive for any fiscal year a grant under this section shall submit to the appropriate State educational agency an application which contains—

(A) (i) an analysis of the facilities, curriculum, equipment, teacher preparation, and other related matters of the elementary and secondary schools in the school district of the local educational agency; (ii) an assessment of the educational attainment of elementary and secondary school pupils in basic educational subject areas; (iii) an analysis of the number of those students who proceed to postsecondary education, those who after completion leave the elementary and secondary education system and find substantial employment, and those who leave school before completion of elementary or secondary education; (iv) an analysis of the need for adult education programs; (v) the need for special inservice, teacher-training programs; (vi) a detailed description of the proposed use of funds granted under this section with assurance such use of the funds will best enable the local educational agency to meet the educational needs of children and adults in the school district as reflected by the analysis and assessment of the educational needs of such children and adults evidenced in the matters submitted in clauses (i), (ii), (iii), (iv), and (v) above;

(B) an evaluation of the effectiveness, including objective measurements of educational achievement, of programs and projects funded in the preceding fiscal year from funds provided under this section; and

(C) such other information as the State educational agency may reasonably need to enable it to perform its duties under this Act.

(b) **WITHHOLDING OF PAYMENTS.**—If the Secretary determines that a State educational agency has failed to comply substantially with any provision of this Act (other than section 106) or any regulations prescribed thereunder, after giving reasonable notice and opportunity for a hearing to the State educational agency of such State, the Secretary shall notify such agency that if it fails to take corrective action within 60 days from the date of receipt of such notification further payments to such agency shall be withheld for the remainder of the entitlement period and for any subsequent entitlement period until such time as the Secretary is satisfied that appropriate corrective action has been taken and that there will no longer be any failure to comply. Until he is satisfied, the Secretary shall make no further payments of such amounts.

(c) **ACCOUNTING, AUDITING, AND EVALUATION.**—

(1) **IN GENERAL.**—The Secretary shall provide for such accounting and auditing procedures, evaluations, and reviews as may be necessary to insure that the expenditures of funds comply fully with the requirements of this Act.

(2) **COMPTROLLER GENERAL SHALL REVIEW COMPLIANCE.**—The Comptroller General of the United States shall make such reviews of the work as done by the Secretary, and the State educational agencies, as may be necessary for the Congress to evaluate compliance and operations under this subtitle.

## SEC. 106. NONDISCRIMINATION PROVISION.

(a) No person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

(b) Whenever the Secretary determines that a State educational agency has failed to comply with subsection (a) or an applicable regulation, he shall notify the State educational agency of the noncompliance and shall request such agency to secure compliance. If within a reasonable period of time it fails or refuses to secure compliance, the Secretary shall have the authority (1) to refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) to exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d); or (3) to take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection

(b), or whenever he has reason to believe that a State educational agency is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

#### SEC. 107. DEFINITIONS AND SPECIAL RULES.

(a) SECRETARY.—For purposes of this title, the term "Secretary" means the Secretary of Health, Education, and Welfare or his delegate. The term "Secretary of Health, Education, and Welfare" means the Secretary of Health, Education, and Welfare personally, not including any delegate.

(b) ENTITLEMENT PERIOD.—For purposes of this Act, the term "entitlement period" means the one-year periods beginning on July 1 of 1972, 1973, 1974, 1975, 1976, and 1977.

(c) STATE.—The term "State" means (1) one of the fifty States and the District of Columbia and (2) for the purposes of sections 101, 102 and paragraph (c) of the section 103, section 105, section 106 includes Puerto Rico, Guam, American Samoa, Virgin Islands, and the Trust Territory of the Pacific Islands.

(d) STATE EDUCATIONAL AGENCIES.—The term "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law for this purpose.

(e) ELEMENTARY AND SECONDARY SCHOOL.—The terms "elementary and secondary school" and "school" mean a school which provides elementary or secondary education, as determined under State law, except that it does not include any education provided beyond grade 12.

#### SEC. 108. REGULATIONS.

(a) GENERAL RULE.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the provisions of this title.

(b) ADMINISTRATIVE PROCEDURE ACT TO APPLY.—The rulemaking provisions of subchapter II of chapter 5 of title 5 of the United States Code shall apply to the regulations prescribed under this title for entitlement periods beginning on or after July 1, 1972.

#### SEC. 109. JUDICIAL REVIEW.

(a) PETITIONS FOR REVIEW.—Any State educational agency which receives a 60-days notice under section 105(b) may, within 60 days after receiving such notice, file with the United States court of appeals for the circuit in which such State is located a petition for review of the action of the Secretary. A copy of the petition shall forthwith be transmitted to the Secretary; a copy shall also forthwith be transmitted to the Attorney General.

(b) RECORD.—The Secretary shall file in the court the record of the proceeding on which he based his action, as provided in section 2112 of title 28, United States Code. No objection to the action of the Secretary shall be considered by the court unless such objection has been urged before the Secretary.

(c) JURISDICTION OF COURT.—The court shall have jurisdiction to affirm or modify the action of the Secretary or to set it aside in whole or in part. The findings of fact by the Secretary, if supported by substantial evidence contained in the record, shall be conclusive. However, if any finding is not supported by substantial evidence contained in the record, the court may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous actions. He shall certify to the court the record of any further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence contained in the record.

(d) REVIEW BY SUPREME COURT.—The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification, as provided in section 1254 of title 28, United States Code.

Mr. PUCINSKI. The subcommittee will come to order.

The General Subcommittee on Education is today resuming its hearings on the financing of elementary and secondary education.

Earlier this year we held 10 intensive days of hearings on the enormous implications of the *Serrano*, and related court decisions, on our elementary and secondary school system. We heard from lawyers,

Governors, State legislators, and school finance experts, all attesting to the wide disparities in educational expenditures existing among school districts throughout the States and to the resulting repercussions of the recent court decisions.

Now we want to hear from people who are involved on a daily basis in our elementary and secondary schools, the school board members, the administrators, the students, the teachers and the parents. We want to hear directly from them what they perceive our educational and financial needs to be.

I personally have come to the conclusion that our schools are facing the gravest financial prospects they have ever faced in our Nation's history.

In fact, hundreds of school districts throughout the country are fast approaching bankruptcy. Education recently came to a complete halt for 54,000 students in Dayton, Ohio, when the board of education declared itself bankrupt and padlocked its 69 public school buildings, not to reopen until a mill levy was passed.

Chicago confronted with a budget deficit of well over \$30 million has begun to lay off guidance counselors and substitute teachers and has made plans to eliminate all music, art and physical education classes.

Philadelphia recently dropped some 600 classroom teachers and called a halt to school construction even though 30,000 children attend school in recognized "firetraps." Nashville, Tenn. shortened its school-day to 5 hours. Hartford, Conn. increased its class size by five pupils per class. Other school districts have gone to double, even triple sessions and used teacher aides as substitute teachers.

The long-awaited breathing period predicted when the era of growing enrollments began to slow has not materialized because inflation and increased operating expenses have absorbed the additional revenue. For example, New York City's public school enrollment rose 16 percent during the last 10 years, while school spending zoomed 217 percent.

To compound the current fiscal dilemma, present methods of financing schools neither produce enough money nor distribute this money equally. And these twin evils have led to the recent court actions. For instance, in Illinois the Central Stickney School District in Chicago's suburbs, composed entirely of the Clearing Industrial District, has a per-pupil assessed valuation of \$222,542, but few pupils. Next door the South Stickney School District, where most of the Clearing Industrial District workers live, has a per-pupil valuation of only \$17,024. The results are predictably devastating: tax rates are twice as high in South Stickney as in the neighboring school district, but spending on education is only half as much.

Millions of citizens throughout the country bear this double burden of high tax rates and poor education being made available to their children. This tragedy can probably best be seen in our large cities with their declining tax bases and increasing numbers of disadvantaged students. In Chicago, for instance, the tax rate for all services including education has increased by 44 percent within the last 5 years. And yet the quality of education offered in the public schools is widely regarded as far below that of many of our suburban schools.

The objective of the hearings which we are resuming today is to find some means to assure a quality education to every child, regardless of where he lives, and to secure a more equitable tax system for education by reducing the property tax burden borne by the citizens of this country.

For almost 2 years now I have been advocating a one-third partnership by the Federal Government in education with the States and local governments paying for the remaining two-thirds. My purpose is to achieve a national foundation of \$1,200 to be spent on the education of each and every elementary and secondary student in the country.

We now have a variety of bills before the subcommittee which share this goal, my own National Partnership in Education Act, Congressman William Ford's Quality School Assistance Act, several bills introduced by Chairman Perkins, and also the Public and Private Education Assistance Act recently introduced by Chairman Perkins and myself. This latter bill, H.R. 16202, sets up a trust fund in the Federal Treasury for the purpose of equalizing and increasing education expenditures in the States.

It is my hope that these hearings will assist the subcommittee in sharpening its perceptions of the issues in school finance so that we can have swift action to avert the impending fiscal crisis endangering our schools.

It is also our hope to hold these hearings and report, or at least, urge the committee to take action on that part of the bills that now are before our committee and the Ways and Means Committee, which affect the jurisdiction of this committee; namely, H.R. 16202. It will be my hope we can work out some agreement with Congressman Mills so that we can handle the bulk of the testimony on the educational trust fund while Congressman Mills proceeds to hold hearings on the tax credit for parents of children who attend private schools. I believe that H.R. 16202 does offer us a very workable meaningful formula and approach to equalize the increasing costs and expenditures of local communities in education.

So we are very pleased to have as our first witness this morning in these important hearings, and they may very well be the most important hearings of this Congress because of the crises that are facing the Nation's schools, we are very pleased to have with us this morning James A. Hathaway, chairman of the Board of Education of the City of Detroit.

I believe that Dr. Charles Wolfe, superintendent of schools of Detroit, is with Mr. Hathaway; and, as I understand it, Dr. Jack Hornback, executive vice president, Council of Great City Schools, will be testifying later in the morning.

So, Mr. Hathaway and Dr. Wolfe, we are most pleased to have you here. I know that the other members of the committee, particularly Mr. Ford, are anxious to meet with you and they will be here very shortly.

In order to expedite the hearings and enable you to catch your plane, why don't you proceed in any manner you wish at this particular time.

**STATEMENT OF JAMES A. HATHAWAY, CHAIRMAN, BOARD OF EDUCATION, DETROIT, MICH., ACCOMPANIED BY CHARLES WOLFE, SUPERINTENDENT OF SCHOOLS**

Mr. HATHAWAY. Mr. Chairman and members of the committee, I am James A. Hathaway, president of the Detroit Board of Education. I am also a member of the executive committee of the Council of the Great City Schools. I am accompanied today by Dr. Charles J. Wolfe, general superintendent of the Detroit public schools, who is on my immediate right. It is a pleasure to have this opportunity to testify on H.R. 16202, the Public and Private Education Assistance Act of 1972.

I would like to point out, I suppose, this morning the tremendous financial crunch that exists in the city of Detroit as it relates to the education of its children. We have an estimated budget of approximately \$295 million, but only \$171 million in revenues to operate with during the present school year. The fiscal impasse of the Detroit public schools can be described as not unlike the dilemma facing a large number of other public schools in major cities.

The tragedy of considering a reduced program for the education of pupils in a land of plenty is an indictment that should be placed not on a single school district, but on society as a whole.

Devising a balanced budget for the 1972-73 period under the present circumstances requires cutting the guts right out of the school system. You cannot make millions of dollars in reductions without removing people and their services to children. Approximately 85 percent of the school budget is for people's services. Schools are a people business. Where else can you make large reductions in school costs except by cutting educational services?

The bleak fiscal estimates which I described represent a breakdown in the government of education at all levels, local, State and National, regardless of the errors of the past situation being only corrected by direct action of the educators, the Congress, the legislature and the administration. The needs for quality education will not go away and the prospects for a complete new system of financing schools may be the answer.

The timeliness of these hearings on a major approach to provide dollars for the general funds of hard-pressed school districts throughout the Nation cannot be questioned. This is particularly true in the school district of the city of Detroit because only last Tuesday, August 8, the voters of our community for the second time in 3 months refused to renew or increase tax millage which would have provided \$60 million essential to the maintenance of the reduced educational program that has been in effect for more than 2 years. This millage defeat leaves us with available revenues to provide not more than 117 days of school for the 1972-73 school year.

The Detroit public school system is the fourth largest in the Nation with 290,000 pupils. The school district embraces an area of 138 square miles and is served by 240 elementary schools, 85 secondary schools, and 28 special and vocational schools. The budget necessary to maintain a minimum program in the Detroit schools for 1972-73 is estimated at \$295 million. The total available revenues from all sources for the general fund are \$209 million. The State will provide 53 per-

cent of that revenue program. In brief, we are facing the opening of school with a \$90 million deficit.

The financial crisis of the Detroit public schools has been building over a period of years and can be directly attributed to a cumulative 10-year revenue loss of more than \$91 million because of a series of annual reductions in the State equalized valuation. Only for the last 2 years has the State equalized valuation returned to the level of 1960-61. The electorate's rejection of the millage proposal on August 8, will result in local revenues only at the level of 1968-69.

The impact of a sweeping court-ordered restructuring of this school district for the purposes of desegregation, along with the pending appeals, the possible elimination of the property tax as a basic source of revenue resulting from the *Milliken-Kelley* case, and the possibility of massive Federal assistance to provide quality education in school districts educating large numbers of pupils from low socioeconomic families, while highly speculative, casts an additional cloud of uncertainty as to the future of education in Detroit.

The Detroit public schools were completely reorganized under a decentralization order, mandated by the State legislature, on January 1, 1971. No provision was made by the legislature to finance an estimated annual requirement of \$4 million to finance the full operation of the eight regions.

The Federal district court, on December 3, 1970, ordered the implementation of the "Magnet school plan" to improve integration in the Detroit public schools. The estimated annual cost of this plan, \$1.5 million, has also been without benefit of additional grants.

Within the enrollment of the Detroit public schools are found 40 percent of the title I disadvantaged pupils of the State of Michigan, 65 percent of the minority group pupils of the State, and 13 percent of the special education pupils of the State. The high cost of educating these pupils is only partially offset by special State and Federal grants. The ability to meet maintenance of effort requirements to continue Federal grants could be in jeopardy if pupil services are further reduced to effect budget savings.

Under the direction of the board of education the general superintendent and staff have placed heavy emphasis on the necessity of curtailing expenditures during the past 2 years. Special restrictions on all controllable expenditures allow outlays only for those items essential to provide minimum pupil services. These limitations provide only minor budget savings in the face of the total deficit.

Personnel salaries are the largest item in the budget. School personnel, with few exceptions, are under negotiated contracts that appear to require the payment of a full-year's salary. The teachers' salary schedule now in effect is based on the average salary of seven of the neighboring districts. It is not the highest schedule in the area. In 1970-71, Detroit's average teacher salary was \$11,475, while the average of all Michigan districts, including rural, was \$11,046. The number of professionals per 1,000 pupils is 42. Among 49 metropolitan districts Detroit ranked 36th in this respect.

The fiscal impasse of the Detroit public schools described above is not unlike the dilemma facing a number of other major school systems in Michigan and the Nation. The tragedy of considering a reduced program for the education of pupils in a land of plenty is an indictment that should be placed not on a single school district, but

rather on society as a whole. The failure of the financial structure to provide adequate funds to support the schools should not be suffered by today's pupils.

Any representative of the Detroit public schools appearing before this committee would be less than realistic and grateful if he did not compliment and thank the committee for the tremendous educational enactments that have produced so many dollars for the compensatory education programs now operative in Detroit. These programs, of course, are categorical programs, but they are effectively serving boys and girls in our city that need the services provided under the many enactments. The programs supported by legislation now in effect have made possible the only research and innovations that have demonstrated that dollars do make a difference in educational achievement.

At another time the Detroit public schools reported to the General Subcommittee on Education the effectiveness of a number of ESEA title I programs.

These programs continue but, without the addition of large increases in general fund revenues, it is questionable whether such gains can be maintained or whether the present level of education for all pupils must fall back. While complimenting this committee on the authorization legislation, we would mention regretfully that the appropriations to carry out the intent of the legislation have not kept pace. Indeed, it has been reported that the levels of appropriations approved last week for Labor-HEW-OEO may experience a presidential veto.

Limited by our very cursory review of H.R. 16202 and the time constraints in preparing this statement, we will comment only on the general philosophy of the legislation in those areas that we feel might be strengthened.

The proposal, as we interpret it, is an approach to revenue sharing that would permit equalization among school districts within a given State when the State becomes the prime contributor to a statewide funding program. This approach represents a philosophy that has long been supported in a number of schools of educational finance. It also represents a partial answer to the legal questions raised in such cases as *Serrano-Priest*, *Rodriguez-San Antonio*, and the *Milliken-Kelley* case in Michigan.

We would point out that in Michigan in the November election the electors will have an opportunity to vote on a constitutional amendment that proposes the abolition of the property tax as the main source of school support. Assuming the passage of this constitutional amendment or an affirmative ruling in the *Milliken-Kelley* case, the State would, indeed, become the prime source of revenue for all local educational agencies in Michigan.

The exceptions to this rule would be provided through statutory amendments that could provide for certain educational programs, such as special education, area vocational education, intermediate district programs, and the community colleges. Also possible would be a permissive 6-mill local levy at the discretion of the electors of each individual local educational agency. The proposal does make possible Federal funds up to 30 percent of the total non-Federal funds. This provision is highly desirable and, hopefully, would increase in such a way that the total dollars available per pupil would increase as the State participation goes upward.

We would also ask that the committee in their deliberations consider the possibility of direct allocations to the local educational agencies, as provided in H.R. 12696, the Quality School Assistance Act of 1972, which we understand is a pending item of business before this committee.

We cannot overemphasize the necessity for legislation that will provide revenues directly to bolster the faltering general fund of every large school district in this Nation. We are discouraged when proposals are written in such a way that they stress property tax relief rather than adequate dollars for quality education.

The plight of the large city school district is not unlike that of the large city which has been so adequately described by the mayors as they have pressed for general revenue sharing for city government. We join them in stressing the need for direct allocations to take care of the pressing needs of education in those same cities.

The concept of the establishment of the educational trust fund is noteworthy, but hopefully this trust fund could be strengthened to the point that it would not only provide equalization among school districts, but would provide adequate foundations on a statewide basis, while at the same time providing sufficient flexibility to have unequal allocations in those instances where a disproportionate share of the educational dollar is necessary to provide equal education for the disadvantaged, those requiring special education, and those requiring accelerated education.

The recommended levels of funding, I am sure, were computed on the basis of the maximum amount of money that could be included in such an authorization if the bill is to pass the Congress. The \$2.25 billion proposed for fiscal year 19734 would be dramatic, and we recognize the validity of the \$10 billion figure recommended for fiscal year 1976 and the years following. However, we would point out that if education is to move forward and the educational deficits are to be erased, the figure suggested for fiscal year 1976 might, indeed, be the proper figure recommended for fiscal year 1973.

We request that we be permitted to submit additional and more detailed information as to how this legislation would affect Detroit and the other major cities across the Nation. We have appreciated the opportunity to come before this committee and to describe the frightening situation that exists in the schools of Detroit. We will continue to support and applaud your efforts that have made such a tremendous impact on education throughout this Nation. We would hope that in your consideration of this proposal the entire concept be broadened to make possible direct relief to those school districts needing assistance the most.

Thank you, Mr. Chairman and members of this committee.

Mr. PUCINSKI. Thank you, Mr. Hathaway. I am very pleased that our colleague, Mr. Ford, has come to be with us this morning. Perhaps before we call upon Dr. Wolfe, Mr. Ford might want to ask a question or two.

Mr. FORD. Why don't we wait until Dr. Wolfe has finished?

Mr. PUCINSKI. Dr. Wolfe, do you have a prepared statement?

Dr. WOLFE. No, I don't have a prepared statement. We collaborated on this and Mr. Hathaway presented the statement.

Mr. FORD. Well, I am glad to see both of you here.

Mr. HATHAWAY. Good to see you, Congressman Ford. We are glad to be here.

Mr. FORD. What is the current financial status of the Detroit school system as you face the opening of schools next month? Just give us round figures.

Dr. WOLFE. The status has not changed over these past few months and despite all of our efforts to meet with the various groups we have had two millages that have failed. We came up with a proposal because we were under orders not to deficit-finance for the coming year and I prepared and presented to our board of education a proposal that would have shortened our school year offering to 117 days.

Mr. FORD. Excuse me. When you say you are "under orders not to deficit-finance," are you talking about the State?

Dr. WOLFE. Yes.

Mr. FORD. On the one side you have a state statute that prohibits you from adopting policies that would result in overspending your budget?

Dr. WOLFE. That is correct. So we presented this proposal and the board accepted that we have 117 days of school, dividing it into two semesters, a late start in the fall, closing for nearly 2 months in mid-winter, and a spring semester with an early closing along in the early or middle part of the spring. This would have had some advantages in allowing us to preserve our staff and also in letting us speed up curriculum offering.

Children would have a great deal of homework, I am sure, but we could condense the subjects for the year. But we had a court order subsequent to that that said we had to start on schedule and that we had to offer the same program that we offered during the past year with 180 days, which by the way the State had never let us off of anyhow.

So we are now planning to open school on schedule the day after Labor Day with full programing. To reduce costs, we laid off 1,548 probationary and emergency substitute teachers. Under court order we rehired all of these people, so we are opening in the fall with full staff in terms of last year; a full program, a full day, but we simply do not have the money in sight to carry that program on through the year.

Mr. FORD. What do you project as the deficit that would result if you complied with the court order and disregarded this?

Well, you can't do both obviously. You can't meet the State law and comply with the court order, and I understand you have appealed the court order. This is the part of Judge Roth's decision which has been appealed by the Detroit Board of Education?

Mr. HATHAWAY. The Detroit Board of Education has appealed all phases of the Roth case.

There are stays presently pending on every phase of the trial and the litigation, with the exception of the order relating to full speed ahead on the educational services. In other words, the Sixth Circuit Court of Appeals has not granted a stay as it relates to that portion of the order that says we must continue to give full educational services.

Mr. FORD. Presumably they could at a later time, in order to let you shorten the school year?

Mr. HATHAWAY. Presumably, of course, they could do this.

Mr. FORD. You were not able to show them you were going to be damaged before September on this temporary thing except for the teachers and you have to put them all on the payroll?

Mr. HATHAWAY. Yes, they are all on the payroll. As we understand the law of the State of Michigan at the present time, that is a valid contract entered into for a full year's teacher's services. Whether or not the courts would be willing to void that and can void it is something that none of us are capable of saying at the present time.

To all intents and purposes we are looking at it as being an order that must be obeyed and a contract that we, in effect, have executed with the teacher bargaining groups, or will be doing.

Mr. FORD. So, in effect, you are entering into a contract for 1,548 teachers that you had determined to let go previously because the court had told you you must?

Mr. HATHAWAY. Well, they told us we must enter into this kind of agreement, but at the same time we recognize the fact that, based upon our operating revenue that we are going to receive, that somehow or other, early or late in February, we will run out of money and will not be able to pay anyone.

Mr. FORD. How much money would you need, above what you can now anticipate, will be revenues from State, local and Federal sources as you know them now? How much would it take to finish out the school year without improving the quality of education over last year?

Mr. HATHAWAY. Somewhere around \$90 million, but a great deal of that would be determined upon what the actual State aid would figure out at. It vascillates in our computation, and that is based upon present assessed valuations and the acts of the Governor, of between \$80 and \$90 million.

Mr. FORD. So it would be a minimum of \$80 million if you got the best kind of distribution that you could expect from the millage formula and as much as \$90 million beyond if it did not go that well?

Mr. HATHAWAY. That is correct.

Mr. FORD. You just again lost some millage and how many times have you tried to get your millage in the last several years?

Mr. HATHAWAY. In the last several years, I believe this is the third or fourth effort in the last 4 years.

Mr. FORD. This is the second time this year?

Mr. HATHAWAY. Twice in 3 months.

Dr. WOLFE. There had been a gap here, but because we had and tried to live within the millage that we have had, but now the 5 mills expired at the end of June. We went prior to the end of June for millage and failed and prior to August and failed.

Mr. FORD. In the June elections you had two proposals, one to retain some millage that was expiring?

Dr. WOLFE. Five mills to continue and five additional.

Mr. FORD. Both turned down?

Dr. WOLFE. Both turned down—both times.

Mr. FORD. Then again you asked in August and were turned down a second time. By what kind of margin are they being turned down?

Mr. HATHAWAY. I would say the first one, May 16, they were turned down by about 4,600 votes. That is the renewal, and this time I believe it was substantially higher. The chief proposal, which was the additional millage, was turned down in each instance by a very substantial proportion of the electorate.

I might add, Congressman Ford, if the trend continues, in one and three-quarters years we will have another 7.5 mills expiring, and based upon the temperament of the voters in Michigan and particularly in Detroit it is quite apparent that would not be renewed either and that the general public is looking to the Congress and to the State legislature to provide educational services and the funds with which to operate.

Mr. FORD. Unfortunately, I just came through a harrowing experience up there in a meeting. Unless the supreme court in Michigan enforces this, there is not going to be much chance of getting meaningful legislation and the State will be burdened. It is very apparent that those people in public life who advocate this approach are being caught in the hysteria over the busing issue. It has mixed up in the people's minds. I found, for example, it was one of the bases for the accusation that I was a probuser—because I have been advocating this kind of shift of financing. It is equated in the people's minds with the loss of local control.

Mr. HATHAWAY. Unfortunately, as I said in the statement, I think you are 100-percent right, but there is a great myth that exists, as far as public education is concerned, that school boards and staffs of large school districts can always find the funds if they are willing to do so.

Unfortunately, after three major wars and 10 years of inflation, all of these items, which have had a tremendous impact on the method of financing schools, have created, particularly in large cities, tremendous municipal overburdens, and we find ourselves now at a time of complete chaos as far as financing the schools is concerned.

There is no tomorrow, it is today. Unless we can find some means that will be acceptable to the electorate of raising revenues other than through property taxes, public education in your major cities is doomed and, therefore, I do recognize that in Michigan and in many other areas those who have attempted to lead and bring about change are always subjected by the electorate to being irresponsibly based upon the emotional climate that exists at a particular moment, but nevertheless the day is now. We have to have an answer and we have to try it through the Congress, through the administration, and particularly through the Governors of our States and our legislators. They have to face up to the problem that the people are no longer willing to look upon property taxes as a means of providing the funds.

Mr. FORD. Well, we have had no success in Michigan in the last 20 years with Governors from both political parties in great tax battles. One involved a plan to impose an income tax which would have a substantial tax for school support and Governor Milliken of the opposite political party suggested this almost 2 years ago and met with resistance in both parties, the legislature, and around the State. So it does not look realistically like it is a political possibility to increase, by a very substantial amount, the taxes collected at the State and local levels for schools.

That is why many of us have been talking for several years about Federal aid in the magnitude of one-third of the total cost.

I suppose that there are a couple of alternatives here that might come out of the pending Roth case and one would involve the transfer of pupils between Detroit and the surrounding area, some 53 or 52 additional school districts. The other possibility would have involved

massive shifting of pupil assignments within the city which would call for substantial transportation costs. There have been newspaper stories, as I understand it, as to the stay order of Judge Roth. He may refrain from going further with the metropolitan plan until after the hearings later this month. He is still free to proceed planning for pupil reassignments and faculty reassignment within the city and might be told, as one of the possibilities, to go ahead.

Suppose in either event you had some particular kind of program that has been proposed, in one instance a program for within Detroit transportation, what kind of cost do you anticipate that would be?

Mr. HATHAWAY. I suppose basically it would depend upon the number of children and the particular class of children. By that I mean their location, their ages, grade levels. A great deal would depend upon those factors and particularly the factors of the demography as to where these children are to be sent. Hopefully we are talking about high school children only in the beginning, and first, well, there is a possibility they could be transferred using public transportation on their own. If we are talking though about kindergarten through 12th grade in the transportation of children, we are looking at possibly millions of dollars, but again it all relates to the fact we don't know at this particular time how massive that effort might be. We do know that the panel has made certain suggestions to Judge Roth about transportation within the city of Detroit, within approximately three areas that might involve approximately 10,000 children.

Now these facts are not available to us yet because the panel's report was itself quite massive as it related to cross-district busing, as it relates to the inner-city effort, that is, within the parameters of Detroit. I have not yet had anyone give me a readout on the numbers involved and the total demographic transportation complex.

Mr. FORD. Was there an estimate made when the plaintiff, represented by the NAACP, introduced a plan for "Detroit only transportation," which the Judge found to provide for extensive transportation, among other things, wasn't there an estimate made of what that would cost?

Mr. HATHAWAY. Well, the estimates that I have heard vary all the way from \$5 million to \$10 million, but in many instances I think that they are highly inaccurate and the specific data to support them have not been made available; that is, unless Dr. Wolfe has more specific information.

Dr. WOLFE. We don't have any firm footing to go on regarding this. In the first place, we are without any experience in busing. We have no table of past experience on which we can operate schedules. We simply have not been in the business where we have used it. Transportation of children for special education only is by public transportation, either buses or the use of taxicabs. Even in the early proposals as to what the size of the busing might be, it was quickly determined that the limiting factor was the availability of buses. The figure we had was based upon the number of buses that could be purchased and then we would have to limit the size of the movement of children to the available transportation. So really we don't have a figure at this moment.

Mr. FORD. On June 16 he told you to buy \$3 million worth of buses in case you needed them?

Dr. WOLFE. Yes.

Mr. FORD. That was stopped though by the court?

Dr. WOLFE. Yes.

Mr. FORD. So at least he anticipated some sort of minimum figure of what would be needed within Detroit by itself and that is the purchase price of the 300 buses. But do you have any idea what it would cost to operate 300 buses per year?

Mr. HATHAWAY. I suppose you would have to take into consideration the fact that you would need drivers. You would need, if you had elementary children—you would need paraprofessional assistants to the drivers on the buses and this would require so much—well, the going rate for busdrivers, the salaries in Detroit, I would suppose, would run somewhere around \$7,500 a year, probably \$5,500 a year for a paraprofessional, and you would have to take into consideration the pension programs and the maintenance and operation, creation and building of storage areas, and maintenance areas for these buses, the personnel for maintenance, and all of these factors figure in.

The best estimate I can give you, not on the amount, but on the factor that the leasing of equipment would also equal the actual purchase in the operation of it. It would be just as expensive for us to go out and lease equipment year around as it would be for us to acquire our own and operate them.

Mr. FORD. Then it could be as much as \$12,000 to \$15,000 in real cost per bus per school year?

Mr. HATHAWAY. I would estimate that that would be a realistic figure, based upon the going salaries in the Detroit area.

Mr. FORD. There is a very real possibility that some portion of that burden might be put on you at this semester break?

Mr. HATHAWAY. Well, of course, I don't know where we would even get buses at the commencement of this year. But there is always a possibility.

Mr. FORD. As title II was originally written, there would not be adjustment because we just counted numbers of children, but in the past few years there has been an adjustment in Michigan, particularly of the title I funds so that the low-income factor of the children as distinguished from the school district, has become one of the three factors in distributing funds, so presumably if you had low-income children move from the city, from that school system to another, those funds would have to go with them if they were sent to you because of their presence in the "within city" school funds.

All of the title I funds, too, because of a presence of fictional but nevertheless statistical children from the low-income or financial standpoint. One of the plans suggested by the panel suggests that if 350,000 children were moved, there could be half of those from Detroit taking their title I money with them.

How much categorical assistance in Detroit is now received from the Federal Government?

Dr. WOLFE. I can't give you the exact amount, but it is very sizable.

Mr. FORD. My last estimate was about \$33.5 million.

Dr. WOLFE. I was going to say \$36 million, \$33 million might be the figure. It is very close in there.

Mr. FORD. And the major portion of that is title I money?

Dr. WOLFE. Yes; \$15.5 million is the current year's estimate for table I.

Mr. FORD. Plus title II. You don't have very much in the other titles in Detroit any more.

Dr. WOLFE. That is true. I will submit a summary table on all Federal programs for the 1971-72 school year.

Mr. FORD. So we could be talking about close to half of that money being placed in limbo in some fashion if the court went along with the recommendation of the panel.

I have no further questions at this time, Mr. Chairman.

Mr. PUCINSKI. Thank you.

Mr. HATHAWAY. The legislation before us anticipates the establishment of a trust fund, an educational trust fund, which the Treasury would then pay to the local schools the moneys it would be entitled to under this act to help to equalize the payment of expenditures per student.

Now, the question frequently comes up, "If local communities are voting down bond issues at the high rates that they are, what is the rationale for the Federal Government to bail these communities out?"

Now, that is a fine question to be asking in Washington, D.C., on the picturesque shores of the Potomac, but you are down there trying to grapple with this problem, and are faced with a \$90 million deficit and faced with, literally, bankruptcy. As an administrator who has to work with this problem or as a member of the board, and perhaps Dr. Wolfe might also want to comment on this, what is your answers to the critics?

Mr. FORD. If you had some helpful fellow at the DSR that says he had a lot of buses that are not being used.

Mr. HATHAWAY. We are faced with the fact that most of the DSR buses are not necessarily equipped according to the State statutes the way buses should be equipped when transporting schoolchildren, so whether or not in all instances we can use city owned equipment for the transportation of children in the elementary grades is a questionable feature. I suppose there is always a practical factor that somebody could suggest that the State allow them to be transported without those safety factors.

Mr. FORD. Dr. Wolfe, what is the present dropout rate in the Detroit school system, as you know it?

Dr. WOLFE. The dropout rate is a very misleading figure that we tried to refine for many, many years. We know that from the time of entry in school at the kindergarten level to the end of school, at the high school level, we would probably show a reduction that gets close to 50 percent in the numbers of children. How many of our children continue their education at another place or how many of them continue later in life is a figure that we can't give because we can't follow the people. We do know that there are sizable adult education schools.

Mr. FORD. Do you have any idea of how many people in high school actually finish?

Dr. WOLFE. Detroit's dropout rate in senior high school of approximately 13 percent would indicate that about 87 percent finish, compared with some 94 percent statewide.

Mr. FORD. And the national figure is about 25 to 27 percent?

Dr. WOLFE. Or higher.

Mr. FORD. Does this result in you having a substantial expenditure for continuing education, adult education?

Dr. WOLFE. It should, except that for much of our continuing education we have up until recently charged a person who participates in the program. More recently, for the last 4 years, if the person, the adult, is pursuing courses that lead to a diploma, and most will, the cost is picked up by the State.

Mr. FORD. One final stage of it which deals with legislation we already have on the books. I saw some statements to the newspapers coming from some of your staff indicating that there was confusion over what would happen to the categorical Federal funds now going to the Detroit Board of Education in the event that students now attending in Detroit were assigned to a school district outside of Detroit as a result of a court order and indicating that an inquiry had been forwarded to the office of education to determine where the money would go, and have you had any response from the Federal Government on what would be done?

Dr. WOLFE. No. Up to this time, as far as I know, the question is simply, "Will the funds follow the child or not?"

Mr. FORD. Are you talking primarily of title I funds?

Dr. WOLFE. Yes.

Mr. FORD. And title II, I suppose, also?

Dr. WOLFE. Any funds there would be a question of qualification on where the child is and whether the funds will follow him or remain.

Mr. HATHAWAY. Mr. Chairman, my answer basically is this: When you are talking about the major cities of this country, you will find that the problem of those people that are involved in administration, whether it is direct city administration or the school administration, is they are constantly dealing with tremendous amounts of money required to meet the operation generally. The municipal overburden, I suppose, is the primary reason that electors in the city are constantly turning down school millage, that being the only type of tax they can have an effect upon.

For example, in the city of Detroit it is true that the school district is providing less in the form of revenues; that is, the people are providing less than they are in other sections of the State. However, the Detroit taxpayers are the most burdened in the form of all types of taxes that they must meet, more than any other area in the State of Michigan, so that if you figured out the amount of millage that the taxpayers are paying, you add the 2 percent city tax, the State taxes and the Federal taxes, you would find that nowhere else in the State are any citizens paying the amount of taxes that the Detroit citizens are paying. So the rationale has to be the large cities in this country, because of the way they are decaying, because of the tremendous need to meet the very unique conditions that exists in these large cities. The only way that these needs can be met, particularly as it relates to education, have to be from the Congress and from the State, because the citizens themselves are no longer capable of providing that, nor are they willing to do so. In other words, they are really saying to the legislatures and the Congress, "Our burden is so tremendous that we

feel it totally unfair and unjust that we should be taxed in any additional way to provide educational services."

Mr. PUCINSKI. Could it be also that the rationale can be found in the word "mobility"?

Mr. HATHAWAY. No question about it.

Mr. PUCINSKI. A good portion of your taxpaying, middle-income community has moved out of the city into the sprawling suburbs and to a great extent it has been replaced by a substantially lower income type of family that either is unable financially to make a significant contribution to the tax base or is in a public housing project or some other housing facility that does not pay any tax.

Mr. HATHAWAY. No question about that.

Mr. PUCINSKI. In Chicago we have 135,000 schoolchildren in our system. There is almost 30 percent of the total school population of the public school system in Chicago that are living in public housing units for which the Chicago Housing Authority pays the school board \$11.35 a year, in lieu of taxes, for the education of children when it costs us \$800 a year to educate that child. So I often wonder whether mobility is not one of the reasons?

People have a right to exercise their freedom of movement. They can move from State to State and they can move from community to community. We don't want to stop that right. We are not trying to infringe in any way on that constitutional right in our republic, but does it follow that because people exercise a Federal right, that certainly the Federal Government would then assume a larger proportion of the cost of social and educational problems that inure in the pursuit of that right?

Mr. HATHAWAY. There is no question of it, Mr. Chairman. In fact, I think the mobility, not only within the parameters of southeastern Michigan is very graphically displayed, but it is also highlighted by the fact that in many of our schools, the mobility rate within the city of Detroit runs anywhere from, I would say, in some 80 schools, as high as 13 percent per year.

In fact, they found that in many areas you find children registering two and three times in different resident schools in a given school year, and higher. Well, my estimate is approximately 120,000 of the 290,000 children that are probably going to school are going without breakfast in their stomachs in the morning.

Children coming from homes where there are split families and the children are being raised by only mothers or uncles or aunts and children coming from areas where they have the high evident infant mortality, the great evident criminal rate, where all of these things, all of these cultural disadvantages and social disadvantages that exist in our major cities are being emphasized for these same children and are doubled and tripled, so that it is incumbent upon either the legislature or the Congress to recognize that these are unique factors in the major cities in the United States. When you add to it the inability to meet and raise revenues, then someone else has to pick up that ball because otherwise our societies are going to pay a terrible price each generation and it is going to escalate.

Mr. PUCINSKI. Well, let me ask you and Dr. Wolfe a very good question. How far are you from declaring bankruptcy in your school system?

Mr. HATHAWAY. As I found out from dealing with the Municipal Finance Commission, and Dr. Wolfe has, I notice, also, and the State board of education, they apparently don't want us to recognize the fact that maybe we are bankrupt and that the simple solution is to continue to give what is apparently education and deliver educational service on an ever-reducing scale to a point to where today we can say we can give what we call survival education for 117 days. When the State says, "You must educate children for 180 days," and we are on a survival scale for 117 days, to all purpose and to all effects we have a bankrupt condition right now.

Mr. PUCINSKI. Under the law, can your school board assume a debt? Can you build up any sort of debt and continue operating within that kind of debt?

Mr. HATHAWAY. No, we must have a balanced budget. But at the same time what has happened up to the present time is they permit us each year to borrow sufficient funds to keep the doors open, but each year that has doubled, that is the amount of money we must borrow.

Mr. PUCINSKI. This is the kind of back-door financing that only puts off the financial day of reckoning which must come sooner or later.

Mr. HATHAWAY. That is right and the day of reckoning is February 1973.

Mr. PUCINSKI. That is zero day?

Mr. HATHAWAY. Yes, that is zero day.

Mr. PUCINSKI. What happens then? Do you shut down your schools?

Mr. HATHAWAY. We shut down the schools and unless there is some assistance coming from some source outside of the Detroit area, I believe it is incumbent upon us to start planning right now to close the doors—and what we will do in the event those doors are closed in February?

Mr. PUCINSKI. You know, I can't understand one thing. The President can decide within 3 minutes to allocate a huge sum of money to the east coast, Pennsylvania, New York, all of the communities hit by the storm Agnes. We recognize this is a disaster and we have to help our fellow citizens, and now it is a question of how fast can a bureaucracy move and apparently the bureaucracy is not moving fast enough. There is a national scandal in the wake of that, but that is another matter, the point I am making is, why is it that we Americans react to a national disaster and yet not see a similar national disaster facing the educational community, and why do we have to wait until the school system shuts down and millions of children walk the streets without an education before somebody starts to come to grips with the problem?

Mr. HATHAWAY. I think, Mr. Chairman, what it amounts to is that in the United States, where we have provided for so long public education and raised the hopes and aspiration of so many millions of people all over the world that have come to these shores and participated in the great democratic experience that has been taking place here for almost 200 years, that in the last 50 years particularly, we

have so concentrated our efforts on the development of material goods that we have lost sight of the proper priorities. We have failed to see that this country has become great and maintained its greatness because we have been willing to educate people who can understand the democratic process and preserve it.

Certainly, I agree with you, Mr. Chairman, that unless we move and move quickly on all levels of government to avert what amounts to educational chaos in the major cities, we will be pulling the cornerstone from this democracy. Without a thoroughly and well educated citizenry, we certainly cannot preserve what has been developed over the past 200 years.

Mr. PUCINSKI. Well, I certainly appreciate your testimony. Counsel, any questions?

Miss BANZER. I have a few questions.

Can you tell us what the Detroit tax effort for education is relative to the rest of the State? You stated it would not be quite as high as the State average because of the failure to pass the levy which would maintain the current millage rate.

Mr. HATHAWAY. I think we generated 24, or we had generated something like 24 mills for education within the city.

Mr. FORD. Is 20 the State average?

Mr. HATHAWAY. Yes; I believe it is 20 point something. I am not certain, Congressman, of the figures.

We do not have them specifically here. From memory it is difficult to recall, but we are now 5 mills less than we did generate. I think, within the Detroit area, the greater Detroit area, there are probably 10 districts that have a greater millage effort.

I think technically you also have to take into consideration the fact of the amount of money that is produced, based upon assessed evaluation. I think Detroit-assessed evaluations are much higher than other areas of the State.

Mr. FORD. Do you have any idea of what the total tax effort is in Detroit for everything?

Mr. HATHAWAY. I think it figures out to close to 68 mills; that is, with your 2-percent income tax, which figures out at about five mills.

Mr. FORD. As compared to the State average of what?

Mr. HATHAWAY. Well, Dr. Wolfe has something on that.

Dr. WOLFE. I have a figure that answers part of that question and that is the actual educational millage for Detroit and the typical surrounding communities. Our total millage, and this is now down five mills from the figures which I have here, because we did not continue that 5 mills, was standing in Detroit at 22.8 mills and Ann Arbor, Mich., at 36.3 mills. Grosse Pointe is 33.4, and Oak Park, which is right adjacent to Detroit, is 36.9, and the low evident one adjacent is Southfield, 29.1. That is the voted millage.

Mr. FORD. Does the State hold at about 51 percent?

Mr. HATHAWAY. Five percent.

Mr. FORD. Is that across the State, distributed out to all of the districts?

Mr. HATHAWAY. No.

Mr. FORD. Is that higher or lower?

Mr. HATHAWAY. For example, you take the city of Mackinaw, at the top of the State, with a population of 1,000 children. Because they come from different resident areas they receive no State aid at all and this is based, of course, upon the differences between the amount of revenues raised and the need in a given area. It just so happens in that area, and I would like to use that one, because the assessed evaluations are based upon a great many recreational properties from people that do not live there year round, but pay tax year round. So as a net result they are capable of functioning without any State aid at all on a very firm financial basis.

Mr. PUCINSKI. I am one of those people, I have a summer home which I have not seen for a couple of years and have not had time to go out there, but my taxes have gone up from \$45, I think, to something like \$130. It is a frame shack which I cannot use during the winter-time, just a four room simple cottage, and yet we are paying this much.

Mr. HATHAWAY. Commensurate with what everybody living in the area year-round pays, but, at the same time, the representatives from those areas, various areas in northern Michigan recreational areas, would not be willing to vote for supporting the Detroit Public School System when they receive no State aid.

Dr. WOLFE. I can answer the question on the total property tax rate. The total local is 57.7 that is divided and that is as of prior to June. The city tax rate is at 26.5 and the schools at 24 even. The county is at 7.1. That does not take into consideration that the city also has a 2-percent income tax. We do not share in that.

Mr. HATHAWAY. That brings the figure to 67, as against what I said, 68.

Miss BANZER. You mentioned that the voters feared that added tax revenues, which they were voting on, would be used for busing rather than for running the schools; subsequently, that was a factor in the defeat of the proposal. Also, the voters knew of Judge Roth's decision, which was an order to operate the full school program even if the voters did not sustain their current millage effort.

Would these be the two primary reasons for understanding why the voters of Detroit would not feel it necessary to maintain even a minimal tax effort?

Mr. HATHAWAY. I think there were these two factors prevalent. I had the opportunity to speak all over the city of Detroit on many occasions and to be involved in the question-and-answer process. Wherever I went in the city, regardless of whether it was white or black, these same questions were constantly asked of me, about the fear of busing, a myth that somehow or another the money should be raised by the school system and that we were merely crying in the wilderness and that the fears we projected were unreal.

Basically, there are many other factors, I suppose, that would enter into why people are unwilling to support public school systems through property taxes. Detroit has a very, very substantial number of people located in northeast and northwest sections of the city that are on very fixed incomes. I receive many letters and many communications from these people during any 1 given year in which they

state that because of their fixed incomes they are totally incapable of providing any more taxes for the operation of the schools. It is what the chairman had pointed out earlier, and, Mr. Ford, that as the people move into suburbia, there are less and less people that are capable of providing the taxes that are necessary to operate our school systems. These people who provide, or the ones that remain on the fixed incomes will constantly vote "No" on any taxes.

Mr. PUCINSKI. Of course, you know we have tried to correct that with title C, and the impact program, and we, for the first time, managed to get \$10 million, but now there is a rumor floating around that the President will veto the whole bill. So even that little crumb that we tried to fight through for your people is going to get lost, I guess, in the shuffle.

Mr. HATHAWAY. Well, hopefully, Mr. Chairman, the people that are carrying the burden of living in the major cities, so far as education is concerned, I guess are going to have to organize. I believe they are organizing to meet with the present administration to try to dramatize to them the tremendous financial crunch that exists in the major cities affecting not only our major cities and their problem with delivery of service in the city, but also to make the administration realize that the same burden is falling upon the school systems throughout the Nation.

Mr. PUCINSKI. Mr. Ford?

Mr. FORD. Let me touch on a couple of questions that were raised by you. First of all, Detroit, as other school districts of Michigan, unlike New York City, does not share in any of the city revenue you mentioned so while we talk about municipal overburden in the great cities of the country, as a problem common to all of them, it is specified in those cities, like Detroit, where the school board is a separate governmental agency and the source of revenues is separate and apart from the city and as I understand it, the city is actually prohibited from sharing other kinds of revenue beyond revenue that is designated for the city. Even if they turned up with a surplus, which is not likely, they could not give it to them.

Mr. HATHAWAY. That is correct.

Mr. FORD. When you talk about municipal overburden, you talk about a total, which leaves you in a position in which you cannot even compete for the money as in New York City?

Mr. HATHAWAY. Exactly.

Mr. FORD. And a further question was raised, one other factor, I would like to agree with your statement, I didn't see it, I think at the present time it is coming back but I found this is not only true in Detroit, but in my district adjacent to Detroit, that the newspaper reports of what Judge Roth had said he might do and what the panel was recommending created a distinct impression and one of them was, which is very important, was when Judge Roth preemptorily said, "Detroit, buy \$3 million worth of buses," the response of one of your attorneys was, "We don't have the money and can't buy them," and then immediately said, "The State will pay for them."

The Attorney General said, "The State has no authority to pay for them if the legislature does not appropriate the money." And we had the extraordinary proceeding where he said, "Yes, they can, because I know a former Attorney General once furnished his office and did it without a legislative act and just ordered the treasurer to pay for it and it was paid for."

I have a transcript which I am saving as a lawyer for historical purposes. The Attorney General said, "But the State treasurer is not party to the action." The judge said, "Yes, he is a party as of now and I hereby order him to write a check."

That was a new record, a new process. But it did create a clear impression that at least one Federal judge believed that you can tell Detroit, "Stay open" or "buy buses" or do these things and some mysterious force would be put into effect that would cause money to come to Detroit to pay for it.

The other concern about spending the money for buses, instead of what the citizens perceive to be a more direct educational expenditure, found its way into the suburbs, because, it is my impression, that not one single school millage in the areas surrounding Detroit that was on the ballot this time was successful, even in communities that had succeeded year after year in getting their millage renewed.

So it is a general feeling that only months and possibly years will dispel. There is no real chance to get out from under the cloud of those public impressions in the near future in time to certainly do anything about the current school year.

You mentioned the people on fixed incomes. About 2 years ago we had before this committee the superintendant of schools of Detroit and he presented to us a demographic printout, prepared, I believe, by Ernst & Ernst, that made a study of what would happen in Detroit in terms of millage increase, what kind of people were there, and I wonder if you could submit later for the record that summary, the most up-to-date figures you have on the percentage of people over 65, for example?

I believe you run very close to double the State average? Clearly, you run close to double and in some cases exceed the percentage of people over 65 in the adjacent newer communities. Also, they had figures on income levels, showing you had disproportionate numbers of low-income people and also had a disproportionate percentage of your population who were not property owners and not contributing to the school district through property taxes.

The factor that the chairman has mentioned also, public housing is a very substantial one in Detroit, you have more public housing than, surely by many times, all of the rest of the State combined and it is my understanding that, like Chicago public housing, it does not pay taxes to the Detroit school system.

If you would give us that information, I think it would be helpful and we will try to get some other cities because there are just too many people that do not realize the complex dynamics of what is facing the city school systems and not only just big cities, but cities now, of fairly

moderate size. We can see Flint is going this way and Grand Rapids, Saginaw, and even little Lincoln Park has come to the end of the road and faces possible loss of accreditation.

What I have been trying, without very much success, is to convince people in the suburbs that what they say happens in Detroit is going to happen to them before very long and unless we stop this decay, where it is, and stop the rust from spreading there is not going to be anyplace to run, that will guarantee an opportunity to what they perceive to be their right to a free public education.

I am particularly gratified you have the courage, as a school board president, to state to this committee something I have been of the opinion for some time, that is, I can't find with very few exceptions, and Dr. Wolfe mentioned them, with the high tax bases they have, very many places in the State of Michigan where there is in fact a public education product that comes anywhere close to what people in the country thought they were able to demand and if they really knew how badly we were doing, there would be people in the streets revolting against the conditions into which we have gotten ourselves.

There is enough blame for all of us, but it would seem to me, as one Member of the Congress, that without regard to who has been responsible at the State and local levels in the past, the responsibility has shifted to us only because we have the only resource available to stop the continuance and perhaps reverse the trend and that delay here would result in a substantially greater Federal expenditure in the future which would substantially lower our return because of the fact that we are turning out for prolonged periods of time an inferior educational product, not inferior people, but people who are not equipped for our society.

Some 9 or 10 years ago I served on a panel where Dr. Elliott Canney was a member, who then ran the probation department for the Detroit Records Court, that handles only crimes committed within the city, and he did a study that indicated that of all of the cases of people convicted of crimes inside the city of Detroit being administered by the records court on probation or having been referred back on a parole basis for supervision, only one out of three were completely projects of the Detroit school system and one out of the three had some education in Detroit but part of it elsewhere, and one out of three had never been near the Detroit school system and yet the average citizen associates very closely in his mind our other social failures in the Detroit metropolitan area with the failure of the school system itself so even if we were able to serve these problems a piece at a time by just softening the school problem we would still have a long way to go.

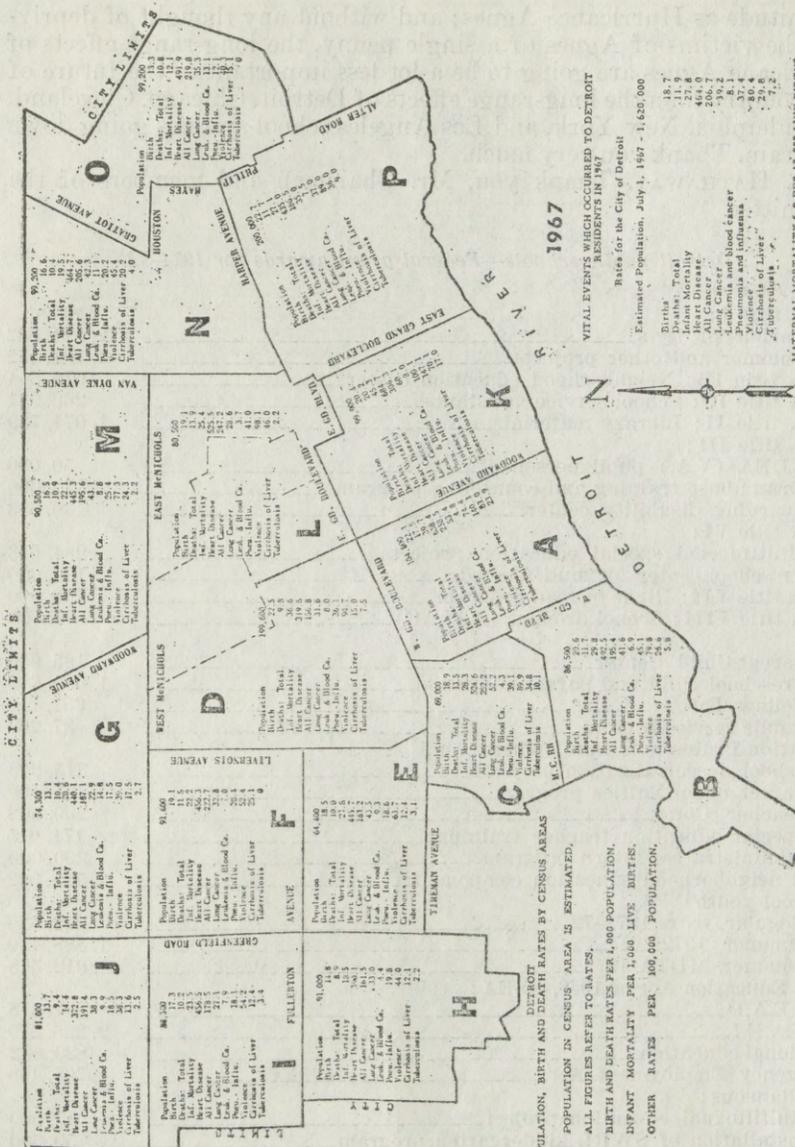
It has been a real pleasure for me to work with you, Dr. Wolfe, and you, Mr. Hathaway, in the past; and I really have some hope that once this current flurry of litigation settles down to something where people running the schools know where they are going to go, that we will get some reaction from the State; and in the meantime, I think the urgency that you describe here ought to tell the rest of the Congress that, in the words of the chairman, we have a disaster of the same

magnitude as Hurricane Agnes; and without any thought of depriving the victims of Agnes of a single penny, the long-range effects of Hurricane Agnes are going to be a lot less important to the future of this country than the long-range effects of Detroit, Chicago, Cleveland, Philadelphia, New York, and Los Angeles school systems going down the drain. Thank you very much.

Mr. HATHAWAY. Thank you, Mr. Chairman and members of the committee.

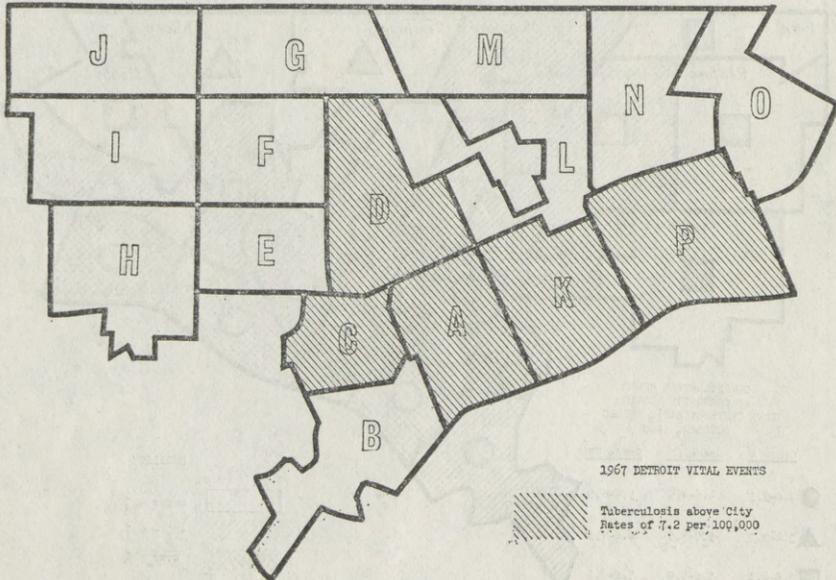
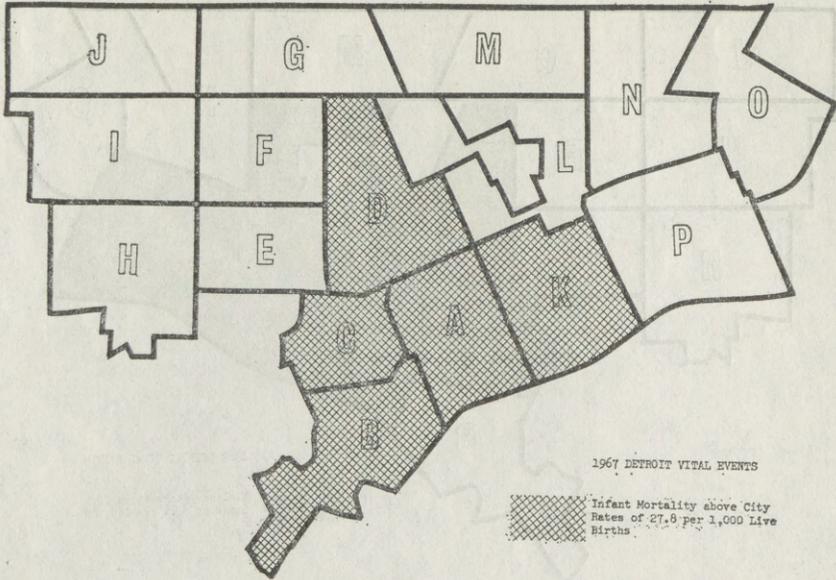
*Detroit public schools—Federal grant awards for 1971-72*

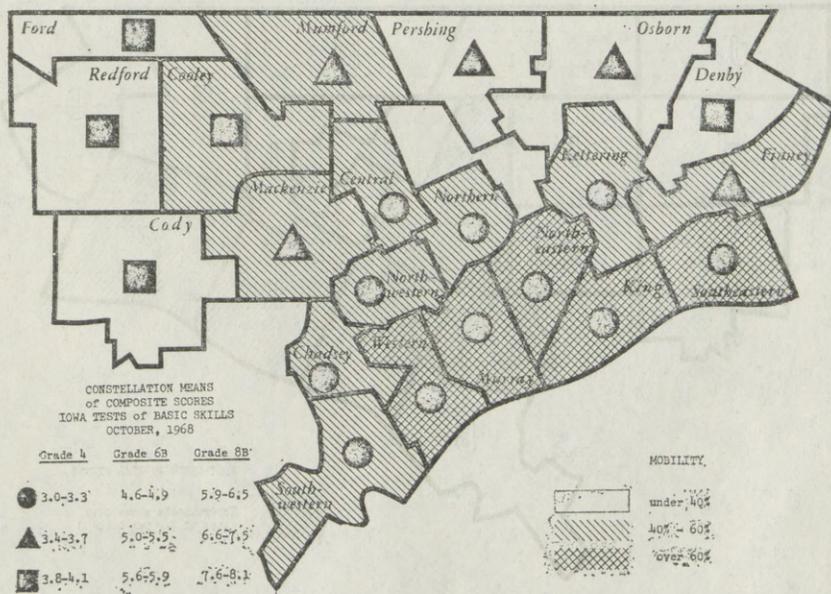
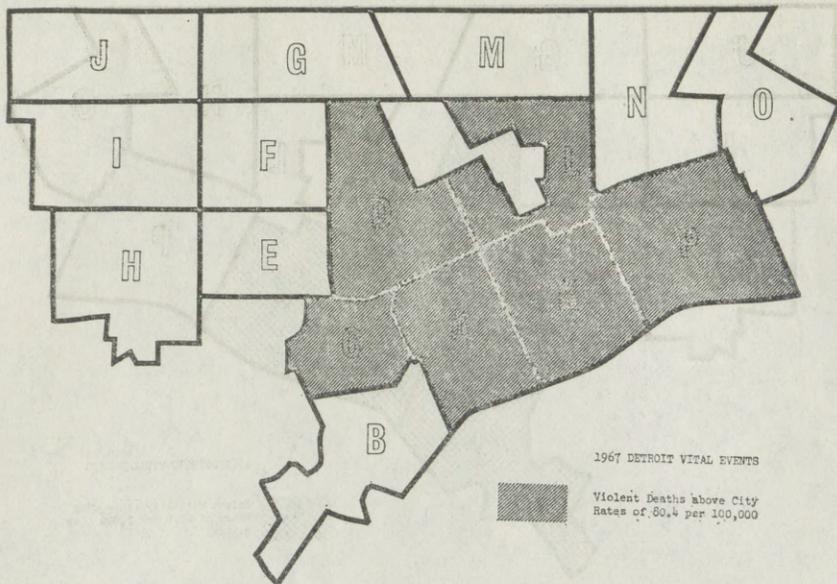
<i>Program</i>	<i>Amount</i>
ESEA title I:	
Various projects.....	\$12,811,882
Summer and other projects.....	4,101,552
ESEA title IB: Neighborhood education center.....	676,644
ESEA title IC: School service assistants.....	266,931
ESEA title II: Library materials.....	1,074,739
ESEA title III:	
NDEA (V.A.) pupil personnel.....	50,000
Drug abuse training and counseling program.....	170,000
Learning disability center.....	146,583
ESEA title VI:	
Multifaceted special education projects.....	284,673
Preschool center for multifaceted.....	100,000
ESEA title VII: Right to read program.....	100,000
ESEA title VIII: School dropout (NALAC).....	500,000
OEO:	
Parent-Child Center.....	185,000
Preschool child and parent education.....	1,090,689
Follow Through.....	661,719
Public service careers.....	37,250
Education Professions Development Act:	
School decentralization project.....	315,000
Career opportunities program.....	491,500
Teacher Corps.....	209,508
Special education teacher training.....	171,615
Administrative intern program.....	290,000
Model neighborhood education component.....	2,128,322
In-school youth:	
Regular year, 1971-72.....	942,530
Summer 1972.....	1,888,450
Summer, MDTA 1972.....	2,012,518
Adult Education Act of 1966, ESEA:	
R.E.A.D.....	397,378
V.A.E.I.....	2,225,279
Vocational education.....	820,042
Emergency Employment Act.....	4,768,400
Miscellaneous:	
Multilingual education project.....	35,000
Installation of SWRL kindergarten program.....	59,500
School desegregation project.....	110,187
Total.....	39,272,841

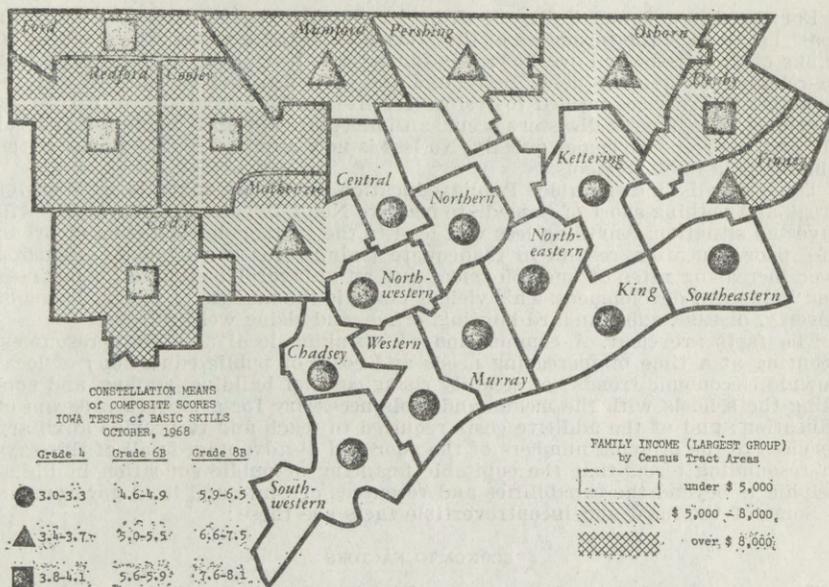


**DETROIT DEPARTMENT OF HEALTH**

POPULATION IN CENSUS AREA IS ESTIMATED.  
ALL FIGURES REFER TO RATES.  
BIRTH AND DEATH RATES PER 1,000 POPULATION.  
INFANT MORTALITY PER 1,000 LIVE BIRTHS.  
OTHER RATES PER 100,000 POPULATION.







Mr. PUCINSKI. Thank you very much, Mr. Hathaway and Dr. Wolfe. We are very grateful for your testimony this morning.

**STATEMENT OF DR. JACK HORNBACK, EXECUTIVE VICE PRESIDENT, COUNCIL OF GREAT CITY SCHOOLS, WASHINGTON, D.C.**

Mr. PUCINSKI. Our next witness is Dr. Jack Hornback, executive vice president, Council of Great City Schools. Dr. Hornback, I understand you have a statement you want to place in the record in behalf of others.

Dr. HORNBACK. I have one, Mr. Chairman, and I will keep my comments brief. I would like to place in the record a statement from the Philadelphia Board of Education which in essence reiterates the Detroit story. I think it is a well-written document which the committee should read. I am sorry I didn't have an opportunity to copy it before coming here.

Mr. PUCINSKI. The statement will go in the record at this point. (The document referred to follows:)

**THE CASE FOR FEDERAL NONCATEGORICAL AID FOR THE PHILADELPHIA PUBLIC SCHOOLS**

The Philadelphia Public Schools are threatened with financial strangulation. Unless substantial relief comes for the new school year it will no longer be possible to offer a defensible program of basic education to the 285,000 children and youth who will be coming to the doors of 300 elementary, junior, senior and vocational-technical high schools. This will be a disaster, no less tragic and in lasting ways no less damaging to the present and future life of the vast multitudes of children and youth who will be affected, than the recent Susquehanna Valley flood that wiped out the homes and resources of tens of thousands of Pennsylvania's citizens and caused untold misery in injury and loss of life and property.

For the Susquehanna Valley flood, as for the devastation caused by the Gulf coast hurricanes, the tornadoes of the Midwest and the ravages caused when the banks of the Mississippi overflow, it is far beyond the capacity of local resources to rebuild the damage done, to rebuild the economy, and to support and re-establish the services needed to restore the life of the community to a state of normalcy. When these disasters occur, an immediate appeal is made for Federal aid and the response comes quickly. No less is now required for the plight of the Philadelphia Public Schools.

The crisis is indisputable. Public education in Philadelphia is a "disaster area" and nothing short of immediate massive Non-Categorical, General Aid will save the situation. Anything less will lead to the further deterioration of urban life, poor education results in inadequate training for employment, producing ever increasing rates of unemployment and an unfavorable climate for business and industrial development. This vicious circle is the nucleus of the syndrome of poverty, disease, sub-standard housing, crime, and rising welfare rolls.

The facts are clear. A combination of shrinking local and State resources, occurring at a time of increasing needs and costs of public education; of local downhill economic trends; of steadily rising costs of building, staffing, and supplying the schools with the means and tools necessary for a modern program of education; and of the additive costs required to teach and to provide auxiliary services to the growing numbers of the poor and disadvantaged; all of this says in resounding terms that the equitable financing of public education in Philadelphia is beyond the capabilities and resources of State and local government.

Some of the hard and incontrovertible facts are these:

#### ECONOMIC FACTORS

The estimated deficit of the School District of Philadelphia for 1972-73 is \$51,843,000. This deficit is exclusive of any salary increases.

The major banks of Philadelphia are reluctant to lend money, in anticipation of revenues, to the School District of Philadelphia.

The present administration of the City of Philadelphia is pledged not to increase taxes. Philadelphia is listed in the "*Highest taxed category*" among the cities of the Nation. High taxes in Philadelphia have caused many industrial and business firms to locate elsewhere.

Repeated appeals to the legislature of the State of Pennsylvania for additional financial support have been unsuccessful.

37.9% of all Public Assistance recipients in Pennsylvania live in Philadelphia. 330,499 persons in Philadelphia receive Public Assistance grants.

Employment and wages of workers covered by the Pennsylvania Unemployment Compensation Law declined from 810,937 in 1953 to 639,422 in 1971.

Population in Philadelphia has decreased between 1950 and 1970, from 2,071,605 to 1,950,089—a decrease of 5.9%. This is in sharp contrast to substantial increases during the same period on the surrounding area. Between 1950 and 1970, there has been a middle class exodus to the suburbs together with an almost equal movement into Philadelphia of poor and lower middle class people from other parts of the Country. Thus, Philadelphia is increasingly made to bear the burden of a national problem.

The credit rating of the Philadelphia Public Schools has recently been lowered to BB. This will result in a sharply reduced building program needed to remove 25,000 children from fire trap buildings, to reduce overcrowding, and to modernize facilities needed to accommodate modern programs of education. The credit rating of BB also limits the possibility of securing short term loans to maintain the cash flow for the Operating Budget, in anticipation of State reimbursements.

#### EDUCATIONAL FACTORS

40 to 45% of all educationally disadvantaged pupils attending public schools in the State of Pennsylvania are enrolled in Philadelphia.

One out of every three school age children in Philadelphia attend nonpublic schools, most Catholic Parochial Schools. This ratio is likely to decrease because of the financial crisis faced by the Archdiocese of Philadelphia in the operation of its schools.

Conservative estimates indicate that it costs from 25 to 33½% more than the average cost per child to meet the essential educational and auxiliary service needs of disadvantaged children who live in an impoverished environment.

Educational costs in the large urban centers of America have been increasing at the average rate of 15% per year. The projected 1972-73 Operating Budget of the School District of Philadelphia shows a 1.4% increase over 1971-72.

Budget reductions resulting in diminished staff, services and programs have taken place at an accelerated rate during the past three fiscal years. Unless a substantial increase in financial support materializes the 1972-73 reductions will cripple the School System, and will place the burden of recovery on generations to come.

Financial band-aids applied annually will not stop the Philadelphia Public School system from slowly bleeding to death. A Nation that can help to restore post-World War II Europe with a Marshall Plan or that, during an earlier period, made it possible for a large section of our Country to flourish through the Tennessee Valley Authority, can and must provide adequate, equitable and continuing non-categorical Federal support of public education in Philadelphia.

At present the Philadelphia Public Schools benefit from a large variety of Federal grants, the greatest of these coming from the Elementary and Secondary Education Act of 1965. Federal aid over the last six years has been substantial and in fact has almost been the exclusive source of funding available to compensate for identified basic educational deficiencies among tens of thousands of pupils, has made it possible to develop an extensive Day Care Program, has stimulated the development of enriched programs for pre-school children and children in kindergartens and in the first three grades, has helped to modernize vocational education programs and facilities; and has underwritten the cost of retraining thousands of teachers in the use of new techniques and materials.

Without all of this, the Philadelphia Public Schools would now be in a state of complete collapse.

The problem is that small oases are created, here and there, that provide help and hope to some children and their parents, while the majority of children in the surrounding desert have been waiting and will continue to wait for the fulfillment of their educational needs, unless Federal Non-Categorical, General Aid to Education is provided to the Philadelphia Public Schools.

An indefensible dichotomy has been created because of the application of various forms of Federal categorical aid. In a great number of instances children currently not eligible to benefit from specific program fundings are in as much need of the program and the help it offers as those who are eligible. Yet the School District, because of its starved financial condition, can do nothing but stand by and lament the fact.

During the last six years categorical aid has provided limited though very important support to the Philadelphia Public Schools. Present social and economic conditions in the City of Philadelphia and the limitations of local and State funding make it imperative that Federal Non-Categorical, General Aid be provided in order to maintain the public school system of the Nation's fourth largest city on a continuing, solid basis that will insure an enlightened citizenry fully prepared to make its contribution to the economic, social and political well-being of the local community, the State and the Nation.

Unless immediate Federal Non-Categorical, General Aid is forthcoming, there will be a breakdown of one of the largest public school systems of the Country.

Dr. HORNBACK. I would like to make limited comments based on first reading of H.R. 16202 and to raise some issues for clarification which I hope the committee will consider. Under section 102, which is the equalization section and the qualified program section, there is a statement which reads beginning on line 17:

If the State funds are allocated among public elementary and secondary schools under a program based on providing an equal amount of funds for the education of each public school student in the State appropriately adjusted to provide differential amounts of funds for public school students in the State according to criteria prescribed by the Secretary designed to achieve the equalization of educational opportunities of public school students within the State.

My question, Mr. Chairman, and the issue I would like to raise is that, nowhere in the bill is equalization of educational opportunities defined. My assumption is that it is strictly related to fiscal equalization, but there is some language elsewhere in the bill which raises the

issues of poverty and other things that it might be addressing itself to other issues, and I would hope that in the consideration of the committee, that this point might be clarified.

On page 5 of the bill under section "B" where the formula is developed for hypothetical property tax revenues, the term "assessed value of all assessable real property" is used, but, again, there is not a definition of assessed real value and from some 25 years of experience in dealing with assessors, and assessed valuation, I know this is a very different thing in different States, different localities, different cities, different areas, and different assessment procedures are used, so I think it would be to the committee's advantage to define what is meant by that term for purposes of this bill.

I would also, before raising any more questions, like to commend the chairman and his associates for the introduction of this bill. I believe very strongly that it is a step in the right direction for help, to our cities.

The issues raised by Mr. Hathaway and Dr. Wolfe, here could be duplicated, as you well know, Mr. Chairman, in Chicago, Portland, Oreg., Philadelphia, and any number of other large cities in the country. The statement I introduced into the record from Philadelphia indicates that they anticipate over a \$52 million deficit for the current fiscal year.

Again, on page 12, subsection 6, "persons employed in job finance in whole or in part out of its trust fund established under paragraph 1 will be paid wages which shall not be lower than prevailing rates of pay for persons employed in similar jobs in such States."

If a metropolitan school district is placed in this situation, probably it would not pose any problem because rather typically your metropolitan school districts have salary schedules that are as high or nearly as high as those throughout the State. If the recipients of these funds are in other areas where salary schedules are below the average of their State, they might be placed in the rather embarrassing situation of either having to raise their entire salary schedule to meet these costs, or having a dual salary schedule for people who are paid under the provisions of this act and those paid out of other sources of revenue.

Another seeming inconsistency in the bill to me, and it may be a matter of my own understanding, but one which I would like to have clarified, is that the general allocation of funds is based on the number of elementary and secondary school children within a state in public schools, but the private school provisions in the bill do not seem to take this into consideration in that allocation.

As I am sure you are aware, sir, there are wide differences in the United States, between States, as to the percentage of public and non-public school students, ranging from nearly 40 percent in some States down to below 10 percent in other States.

These very populous States, generally in the Northeast and in the South, if they are to be able to fulfill the provisions of providing the resources to nonpublic institutions as provided in the bill, it would seem to me appropriate that these students should be taken into account in the original allocation of funds under the bill.

Under section "B" page 13, again a matter of definition, "The controls of funds" and this relates to the funds for a private institution, "\* \* \* provided under this section and title to property acquired herewith, shall be in a public agency."

"Public agency" here is not defined. Possibly from my biased viewpoint, I would think it would be local educational agency, and I think probably a clear definition would be in order as to what kind of agencies the State should consider to administer these local funds. There is a pattern which the committee might wish to look at which has been in effect in New York for several years in distribution of certain textbooks.

In the requirement that the State be provided with certain information, on page 14, beginning with line 14, which provides for a very extensive reporting program on the part of the local educational agency to the State. This raises a concern from a public school administrator's point of view that there are many districts in the United States today who are not equipped to provide this information.

Very probably, they should be and I would support that contention that they should be. But it is a massive operation and we have some experience with the development of management information systems to support this kind of activity to provide the kind of information if it is to be qualitative that is provided for in this act. So my basic question is, would it be possible for a local educational agency to use funds as provided under this act to establish their system for the kind of information required by the act?

A couple of collateral questions with regard to this. There does not seem to be a limitation on the type of program that monies under this fund can support, yet there are sufficient limitations that would make it improbable at least that a district could commingle these funds with local funds, so my real questions are these:

Could these funds be used for capital outlays? Could they be used for buildings or are they just for operation of programs? That is not clear to me. I think that covers in essence, sir, the comments I had on the bill and, again, I would commend you and Congressman Perkins and people working with you in development of a bill which could, in the long run, bring substantive relief to the extreme crises that the cities face today.

Mr. PUCINSKI. Dr. Hornback, I appreciate your testimony. It is always good to have a witness who comes before the committee and makes some constructive suggestions on how we could clarify the bill. We will have our attorneys look at the questions you have raised and we will of course confer with you further.

Dr. HORNBACK. I will be delighted to be of service at any time I can, sir.

Mr. PUCINSKI. Fine. Mr. Ruth?

Mr. RUTH. No questions other than to commend the witness. I am not prepared to make any statement. I am more interested in what the witness had to say about the bill.

Dr. HORNBACK. If at any time we can, through our organization, be of service to the committee, we stand ready to do so, sir. We are making some fiscal analyses of the bill which we will provide to your staff.

Mr. PUCINSKI. We are counting on the Council of Great City Schools, since you are very close to the problem, and we hope you will give us a study, your analysis of this bill. You have been most helpful this morning because you pinpointed the areas where, honestly, we have to take a hard look at the language and see what it does and what it is intended to do and if it does not meet the test of the school administrators without changing, and I want to thank you very much for being with us.

Dr. HORNBACK. Thank you.

Mr. PUCINSKI. The committee will stand adjourned until tomorrow at 10 o'clock.

(Whereupon, at 11:45 a.m., the subcommittee recessed, to reconvene for further hearing at 10 a.m., Thursday, August 17, 1972.)

## PUBLIC AND PRIVATE EDUCATION ASSISTANCE ACT OF 1972

THURSDAY, AUGUST 17, 1972

HOUSE OF REPRESENTATIVES,  
GENERAL SUBCOMMITTEE ON EDUCATION  
OF THE COMMITTEE ON EDUCATION AND LABOR,  
*Washington, D.C.*

The subcommittee met at 10 a.m., pursuant to call, in room 2261 Rayburn House Office Building, Hon. Roman C. Pucinski (chairman of the subcommittee) presiding.

Present: Representatives Pucinski and Hicks.

Staff members present: John P. Jennings, counsel; Toni Painter, secretary, and Cindy Banzer, minority legislative assistant.

Mr. PUCINSKI. The subcommittee will come to order.

We are very pleased to have with us this morning Mr. Leininger, superintendent of the River Bend School District of Fulton, Ill. Olin W. Stratton, superintendent of Highland School District, Highland, Ill.; Dr. Boyd Mitchell, superintendent of the Alton School District, Alton, Ill., and Dr. Art Lehne, assistant superintendent of Chicago public schools.

We are also very pleased to have Emmett Slingsby, assistant superintendent of public instruction for the State of Illinois with us here, who is representing Dr. Michael Bakalis, State superintendent, and who is going to somewhat coordinate the panel.

We are very pleased to have you here, gentlemen. We are still somewhat in shock from the President's veto of the education appropriations bill last night, and we are sorry that we could not override the veto, but that is the way things go around here.

We are pleased, though, to have you here. We have been holding hearings on H.R. 16202 and related bills dealing with the whole question of financing public education in this country. There is no question that there is a monumental crisis in America in the school financing matter, and it is being exacerbated somewhat by court decisions which are almost forcing a whole new line of thinking on school financing.

The purpose of our hearings is to see what role, if any, the Federal Government should play and can play in assisting the local community. The legislation before us would set up an educational trust fund to bring some relief to local school districts, but we are most anxious to have your testimony, because after all, you gentlemen are on the firing line and have to be with this problem everyday. So, we are most pleased to have you here.

We will have other members of the committee joining us later, as there are a number of other hearings this morning. One hearing we

are having this morning, which many of our members are attending, is the crisis in the student loan program. I won't go into detail on it, but it is a serious situation, but other members will be joining us as we proceed.

Since the House goes in session at 11 today and since we are going to take up the Equal Educational Opportunities Act throughout the day, I think we should proceed without waiting for other members.

Mrs. Hicks, do you have anything to add?

Mrs. Hicks. No, except, Mr. Chairman, I welcome the panel here, and I feel their testimony will be very valuable to us in our deliberation on these bills.

Mr. PUCINSKI. Mr. Slingsby, why don't you proceed in any manner you wish. If you gentlemen have prepared statements, of course, all of the statements will go into the record in their entirety at this point. And then, why don't you just proceed anyway you wish.

**C. R. LEININGER, SUPERINTENDENT, RIVER BEND SCHOOL DISTRICT, FULTON, ILL.; OLIN W. STRATTON, SUPERINTENDENT, HIGHLAND SCHOOL DISTRICT, HIGHLAND, ILL.; BOYD MITCHELL, SUPERINTENDENT, ALTON SCHOOL DISTRICT, ALTON, ILL.; DR. ART LEHNE, ASSISTANT SUPERINTENDENT, CHICAGO PUBLIC SCHOOLS, CHICAGO, ILL. ACCOMPANIED BY EMMETT SLINGSBY, ASSISTANT SUPERINTENDENT OF PUBLIC INSTRUCTION, STATE OF ILLINOIS**

Mr. SLINGSBY. Thank you, Mr. Chairman and members of the committee. I just want to basically make a short introductory statement, and introduce the various members who will make their own individual statements, because they are really on the firing line.

School districts, throughout the State, are facing serious financial crises created by complex interrelationships among expenditure and revenue variables such as increased attendance, additional mandated educational programs, inflation, and decreased local revenue.

Costs have far outstripped the ability of existing local revenues to meet the needs of quality education. New funds must come from somewhere. Therefore, we are presenting our case to the Congress because we feel the Federal Government should assume a much larger share of education for all of the States, including the State of Illinois.

I first of all would like to have Mr. Olin Stratton, superintendent of the Highland School District, Highland, Ill., give a brief presentation. In addition to being superintendent of the Highland School District, he also happens to be the president of the Illinois Association of School Administrators. So, I would like for Mr. Stratton to proceed.

Mr. STRATTON. Thank you very much, Mr. Chairman and members of the committee. It is a pleasure to be invited to testify today or to serve on this panel, and as president of IASA, I am always glad to cooperate and call on my colleagues and try to get some of the people who I thought could give you information about the various kinds of problems in the districts in Illinois.

Now, as Emmett said, the schools in Illinois are in trouble. This may not be any different from the schools of other States, but from Chicago to Cairo, the schools in Illinois have serious problems. The people vote

on just about everything pertaining to revenues for schools, from increase in operating rates to bonds that must be sold if it is necessary to build additional facilities.

People in Illinois feel that taxes are the largest burden and especially they feel that the only opportunity they have to vote against taxes is on the local school issues. I hear people say that possibly the schools have not done as good a job as they should, and I am sure there is always room for improvement in education.

I mean no disrespect for the other programs that I am going to mention but just, for example, if the State Library Service or the Defense Department or any other statewide or governmental agencies had to have their program increase voted on by the people, I think they would probably get a clearer feeling of just what the public feels about increase in taxes.

I would say there is practically no chance in Illinois of passing a rate increase for general operation of schools. There is very little chance of passing bond issues for needed facilities. People have heard about revenue reform, and to them, they feel that revenue reform means or should mean lower taxes, especially personal property and real estate taxes.

I happen to be serving on a statewide committee, the Governor's task force on tax reform and school revenue. It is interesting to note that, up until now, we have not really been able to find a really good tax that the majority of the people like.

At any rate, talking about the personal property and real estate taxes, I think that many people are under the assumption that there is going to be a reduction in property tax because they have been reading about the *Serrano* and *Rodriguez* cases.

But, as far as I can ascertain, unless there is revenue that will come from the Federal Government, there is nothing in sight in Illinois to replace the nearly \$3 billion in revenue that is derived statewide from the property taxes. I just cannot see where it would come from.

Now, another problem that we have is the difference in wealth of the districts in our State. For example, the assessed valuation per child ranges from \$3,500 to \$100,000, and for the separate elementary and high schools. The valuation ranges from \$5,000 to \$230,000.

Now, if you would take the amount of money that the district is bringing in, take the unit district, for example, a \$3 tax rate would produce \$105 in a poor district, and \$3,105 in the wealthy district. This is the difference in the quality of education that we have.

The bonding power, which has been a problem in our State for quite some time, has been changed somewhat, but even now, it is difficult to pass the referendum necessary to issue bonds, but because it has been a problem, the State set up a building commission on the theory that if money was more easily available this would help.

But, we find that this has proven to be a more expensive way of actually financing school buildings, because the interest rate is higher. As I say, the problem in financing elementary and secondary education, I think that consideration must be given to reducing the reliance on property taxes, if we are going to bring the people back into the fold as far as supporting education.

And, if we do this, this will require money from another source. The only other source I know is the Federal Government. So I think

the Federal Government should seriously consider general aid to education. I am not exactly sure what form this should take.

Several of the people that I talked to before coming here mentioned block grants, and I know some of the other members on the committee have some other ideas on the form that it should take. Another alternate program which might be helpful is to provide buildings for elementary and secondary schools, because it takes both operating money and it takes facilities to have good educational programs.

This is about the situation as I see it. I would be happy to attempt to answer any questions that you might have, but I think this concludes my testimony.

Mr. PUCINSKI. You certainly paint a grim picture of the resources available in Illinois. Would you agree that we could probably reduce property taxes by \$600 million if we would transfer the cost of public welfare to the Federal Government which really belongs in this situation?

I once ran a study in Illinois and found—this was several years ago, and I do not know the current situation—but several years ago I made this study and found that 49 percent of the recipients of public aid in the State of Illinois were from the State of Mississippi, and it seems to me that if people exercise the right of mobility, and I do not want to interfere with that constitutional right, and they create a social problem in the whole State, surely this becomes a Federal responsibility.

I was wondering if that would not be one source of revenue, if we could transfer, and I sponsored legislation to do that, transfer the cost of public aid to the Federal Government. That would free some \$600 million of State revenues to be used for education, hopefully. What would your thinking on this be?

Mr. STRATTON. I had debated whether or not to include that in my remarks. I left it out because I am not much of an authority on the public aid question. I have not really researched it that much. But certainly, anything that would free money for schools in Illinois, I think I would recommend.

But, I think it is something that is going to have to be done.

Mr. PUCINSKI. Well, there is a lot of merit to what you say about the Federal Government picking up more of the cost of education. We collect 64 cents out of every dollar collected in taxes at the Federal level, but the Federal Government pays only 7 percent approximately of the cost of education.

Whereas, the local government gets only about 17 cents out of every dollar and pays, I believe, 52 percent of the cost of education. The State collects 19 cents out of every dollar and picks up the difference.

So, it does seem you make a strong case here, and you fortify the testimony before this committee that local property taxes and local communities are carrying a disproportionate share of the cost of public education.

I was wondering if anybody had made a study in Illinois, and we have some figures here that you may want to back up, but we had figures which show that actually the property tax rate, has now reached an actual point of confiscation, where it does not pay to make an investment in property anymore.

The taxes are just so high that whatever incentive there was for homeownership is rapidly disappearing. Do you know whether any studies were made in Illinois along that line?

Mr. STRATTON. I do not know of any studies Statewide.

They are making a study at the present time. I do not have the results of that. I know that this is a general statement which you hear many people make, which would substantiate what you are saying. I do not have any statistics on it however.

Mr. PUCINSKI. Is it fair to say that this is the worse crisis in public education that we have faced in the history of public education, the financing crisis that we are in now?

Mr. STRATTON. I think that it is worse from the standpoint of longevity. There have been, you know, recessions and things like that, but now it seems that in addition to being a shortage of money, there exists in the minds of people the fact that they think more revenue should come from some place other than from a property tax.

I do not think we are going to displace this thought until we do something on this score, so I do not see any early signs that this problem will go away.

Mr. PUCINSKI. We have had testimony and surveys before this committee indicating that hundreds of school districts throughout the country are fast approaching bankruptcy. Would you have an assessment of the situation in Illinois?

Mr. STRATTON. Well, I think many of them are now. Now, I think the first step that many districts took in the last say 2 or 3 years, has been to reduce their staff and to reduce their programs. Schools that are not too large have reduced anywhere from 25 staff members to, I believe East Aurora reduced around 70 last year and maybe 20 this year.

I think that some of these gentlemen on this committee here have reduced their own staffs.

Mr. PUCINSKI. Is there any fear as we reduce the quality of education, because of this economic and financial crisis, that we are going to reach a point when the North Central Association and various other accrediting agencies will just refuse the accreditation of schools and endanger the youngsters as far as going to college?

Mr. STRATTON. I think that is happening now in some cases.

Mr. PUCINSKI. Could you tell us something about that?

Mr. STRATTON. Well, as you know, the North Central Association of secondary schools and colleges and they have a counterpart in all parts of the country and this happens to be the one in our area, but they accredit schools, and this means a great deal to the schools as far as colleges and universities are concerned.

The ratings are sought very highly by the schools and also by boards of education. But, they have certain criteria that the schools have to follow in order to be accredited, and without money, it is hard to meet these criteria, money per pupil, good facilities, good programs, and they actually send in now an evaluation team every few years, maybe.

In our case, I think 25 people came into our district, and they evaluated everything from nuts and bolts up to objectives of the program and write up a report. And, it is getting increasingly more difficult for many schools to meet North Central requirements because of the

tight money and shorage of personnel. I think that this will be brought out again later.

Mr. PUCINSKI. In other words, you are somewhat confirming my own fear that you are really faced with two crises. I think most people are not aware of this. You are faced with a financial crisis of keeping your school plant going, and you are faced with perhaps an even more critical crisis, that is losing your accreditation.

I do not believe that the North Central Association or the other accrediting associations are going to temper or reduce their standards. Nor do I believe they should. So, you know, on the average, I do not think that the people of this country realize what is happening to the quality of education and the fact that they are really having a problem. There is a problem as to whether or not the youngsters will go off to college if they do not get accredited. Is this a fair statement?

Mr. STRATTON. So, it certainly has an effect if the school is not accredited because it hurts chances to get into the better colleges and universities. I think there is no doubt that it will hurt the quality of education if we suffer from financial neglect.

Regardless of what anyone says, it takes money to operate the schools today and provide the programs that are needed all the way from special education programs to the programs for gifted or other innovative programs we have.

Mr. PUCINSKI. I am anxious to get to other members of the panel. Mrs. Hicks, do you have any questions?

Mrs. HICKS. I will wait until the others finish.

Mr. PUCINSKI. Why don't we go ahead then, because I am sure the others would like to join in with statements.

Mr. SLINGSBY. Thank you, Mr. Chairman. I would like to now introduce Art Lehne, assistant superintendent of the Chicago public schools, and Dr. Lehne will give a brief presentation.

Dr. LEHNE. Chairman Pucinski and Mrs. Hicks, I know you both rank highly among knowledgeable people in education in this country. I know because I have spent much time in your city, Mrs. Hicks. I remember well your services as president of the school board and your leadership in that great city. I would like, in the few minutes that I have, to summarize the materials that I have prepared for the committee, along with the supplementary materials which I think back it up.

I would like to talk about three points in particular: The status of urban and nonurban education, our financial problems, and our successes and failures. I was very happy to hear the chairman of this committee, who is regarded so highly in the State of Illinois, relate the financial crisis to the educational deficit, because they are really tremendously intertwined, I think this is true elsewhere.

I believe this background material will be helpful, and will spur you on toward providing leadership in this Congress toward major changes in financing education through new ways of sharing Federal revenues with hard-pressed school districts. I believe that it will be helpful if I reviewed, or pointed out, the status of financing public education in Chicago, what our unique needs are, and then the other factor that always seems to arise: That is, what are innovative programs or promising practices that warrant congressional support for investing in children of the city of Chicago and other large cities who

we know are faced with very unique and very difficult problems that have yet to be resolved.

In terms of our fiscal crisis, we entered the current year—and we are on a calendar year in terms of our budget—with a \$98.5 million shortage, and this was a very well known fact. The budget we adopted amounted to \$733 million, in relation to operating educational programs for 560,000 boys and girls.

That \$98.5 million shortage that we had when we came into the school year relates to a shortage in terms of a minimal educational program, not what we know we need, but a minimal one. The sum of \$21 million of that shortage, as the chairman knows, was a carryover from the prior year.

We had never faced a carryover of this kind. We planned to close schools 10 days earlier in December, but because of various factors and because of fiscal possibilities, we deferred that decision for an early school closing. We entered the budget year with a total deficit of \$98.5 million, of which \$21 million had been carried over.

We had hoped that through the leadership of the Governor of the State of Illinois and the State legislature, some way could be found to resolve this shortage. But, as matters turned out, to a large extent, Mr. Chairman, because of the very, very heavy welfare costs and other expenditures within the State, there were very little additional funds available for education this year.

About 14 percent of our current \$733 million budget comes from Federal sources in which this committee has played a leadership role in getting funds into the various school districts of the State.

About one-third of our budget now comes through State aid and the balance of the budget, or about 53 percent, comes either from local taxes or other resources. The action of the State legislature, which adjourned on June 30, has provided about \$6 million of additional aid for the current year, for the period between July 1 and September 31.

We also received authorization to utilize the latest assessed valuation, and by exercising that authorization, through a supplementary budget, will make available, through local tax, an additional \$13 million.

Almost immediately, upon adoption of the budget, in January, the board took some very, very drastic and very debilitating steps. We reduced the staff by a little over 1,000 people. Most of the cuts were made as far away from the classroom as possible. Most of the people who were separated from their positions, were consultants, assistant principals, adjustment teachers—people who really helped to improve the instructional program by working with teachers.

There are many of those of us in the field of education that would feel this is one of the most critical needs. We then placed freezes on existing positions, largely at the central office.

We deferred programs, we delayed programs, we dropped programs. As a result of these factors, we were able to initiate savings which have resulted in about \$32 million. In June of this year, we closed school 5 days early. Our payroll is about \$1,900,000 a day, so by closing the schools early, we were able to salvage another significant sum of money.

Everyone in the school system from the superintendent on down either was removed from the payroll and served without pay, or was unable to serve during that period.

All of these factors have been very, very debilitating to an ongoing program of instruction. They have cut the program to the bone. We think that it is setting us back many, many years. Our deficit now, as we look forward to the next 4 months, is \$33.4 million. How the board is going to solve that I do not know.

They will have to face up to it next Wednesday when they meet to determine what the budget is going to be. But there are avenues available, borrowing from the building rehabilitation fund, closing the schools for up to 20 days in December. There are a number of possibilities, all of which I think will seriously hurt the program of instruction.

Mr. PUCINSKI. You could not go into debt?

Dr. LEHNE. No; we could not. We have to operate on a fiscally sound budget.

Mr. PUCINSKI. Do you see a closing of schools for 20 days?

Dr. LEHNE. Yes; this is one of the considerations that the board will face.

Mr. PUCINSKI. How long do you close the schools now? This is in addition to holidays?

Dr. LEHNE. Yes; the board has not adopted a fiscal calendar this year because of variables.

Mr. PUCINSKI. Normally, how many days do the youngsters get off on Christmas?

Dr. LEHNE. Between 6 and 8 or 10 days.

Mr. PUCINSKI. If you had to add 20 days, it would be almost the whole month of December?

Dr. LEHNE. This is true. It would be the whole month of December and jeopardize our State aid and our accreditation. We have felt that the board of education and the fiscal integrity of the public schools in Chicago has been under severe attack for a number of years. The allocation of moneys from Federal, State, or local sources has been inadequate to fund adequate programs of instruction.

What we have received in aid from the Federal Government, largely through categorical programs, has been extremely helpful. Funds from ESEA, Model Cities, and EPDA have improved the patterns of service. However, our fiscal needs are so intense, the concentration of disadvantaged of such a magnitude in the cities that we have to find greater prerogatives in utilizing Federal money to keep our schools operating.

We believe that these aids and this kind of assistance must come soon. We think that the guidelines under which we operate come soon. We think that the guidelines under which we operate categorical programs, although theoretical and well-intended, do provide binds which we think do not provide for the best kinds of patterns of utilizing money to operate urban school systems.

About two-thirds of Chicago's public schoolchildren are now of a minority race. We believe that they have great promise. We believe that they have special educational needs. We believe we could do a great deal more than has been done in the past if we had greater flexibility.

Over half the schoolchildren in Chicago are eligible, at least theoretically, for title I service. You referred, Congressman, to the welfare burden. In 1970, 200,000 of our school-age children between 5 and 17 were receiving aid under AFDC.

In the 2 years that we have passed since then, we are now up to 265,000, which is a tremendous increase. I mentioned this to you because I believe it shows the increasing concentration of children with special education needs that are now living in most of America's large cities.

You will recall that recently there was an article in the Chicago Tribune, that referred to a top-level advisory committee that indicated they felt that the cities could not be saved. We do not agree with that. We think they can. We think that we can create an effective middle class as the cities have done in the past.

Mr. PUCINSKI. You know your comment on 265,000 children being eligible for title I, because of the poverty level, this is what made the President's veto yesterday such a distressing thing.

For the first time, as you know, we had written into the bill some money to supplement the payment made by the Chicago Housing Authority in lieu of taxes to children who live in public housing projects and attend public schools. We had a \$10 million item in there that would have, for the first time, broadened the impact program to include category C, and you fought very hard for this legislation.

I sponsored this legislation, and we were very elated when we finally got it through the House and Senate and through the conference, and we were really crushed yesterday when the President vetoed the bill and that flicker of hope went down the drain.

Dr. LEHNE. I think the whole Nation really was crushed by that veto, even though it had been well-announced by a number of news sources and predicted. I believe that this Congress, the House of Representatives and the Senate, did the right thing by coming forward with an appropriation bill that would begin to meet the needs. The Presidential veto was one of the most crushing blows to education that any of us has seen in many, many years.

Mr. PUCINSKI. Particularly, since we take the position that the President does not have to spend the money that Congress appropriates. So, if there were items in that package that the President did not agree with, rather than veto the whole bill, kill the whole program, we take the position that the President could have just referred to spend the money on these programs he took exception to.

He has that broad Executive power. So we were extremely disappointed when the veto message came down. We were even more disappointed that we could not override the veto.

Dr. LEHNE. Yes; I think that after the tremendous effort that you, Congresswomen Hicks, and others put into that appropriation bill, with all of the hearings, and your thorough investigation, it is tragic to see it overruled.

Mr. PUCINSKI. While you are talking about that, is this correct? The rationale for the payment of money to children living in public housing projects was that the Chicago Housing Authority now pays the Chicago Board of Education, in lieu of taxes, approximately \$11.35 a year for each child attending the public schools. What does it cost you to educate that child?

Dr. LEHNE. I think I would like to answer it, if you wouldn't mind, in terms of what it should cost us to educate that child. That child is one of the most disadvantaged of children. Our elementary school costs are approximately \$800 a child. If we were to do a truly effective job with that youngster with his special needs and with the great disadvantages that he does have, we would start him out in a preschool program that would cost approximately \$1,600 per child. After he finished the preschool program—and I would like to talk a little bit about a child center program that would, we think, really break that lockstep of poverty—we think that a great deal can be done.

But I think the needs of that child represent an investment of between \$1,200 and \$1,600 per year per child.

Mr. PUCINSKI. Well, now, you get some of it from title I, don't you?

Dr. LEHNE. We get some help from title I, but we are able to serve just a limited number of those in need.

Mr. PUCINSKI. But you are spending \$800?

Dr. LEHNE. Yes.

Mr. PUCINSKI. The City of Chicago Board of Education spends approximately \$800 and you only get \$11.35?

Dr. LEHNE. \$11.35 per pupil.

Mr. PUCINSKI. How do you make up the difference?

Dr. LEHNE. The difference, of course, has to be made up through local, State, and Federal aid.

Mr. PUCINSKI. Well, isn't this really the heart of your problem?

Dr. LEHNE. If I may, the difference is never really made up because the child changes and his needs are not being met.

Mr. PUCINSKI. Aren't you really then forced to shortchange other children in the system?

Dr. LEHNE. This is true.

Mr. PUCINSKI. In order to provide the \$800 for these youngsters, and how many, did you say it is 255?

Dr. LEHNE. The Chicago schools enroll 265,000 school-age children coming from families who are receiving aid to dependent children. The number of children living in these housing projects is about 60,000. Therefore, the \$10 million that was in the Hathaway package in the appropriations bill would have provided help to Chicago of between \$600,000 and \$700,000 toward the education that these children needed.

Mr. PUCINSKI. But, you see, this is why we fought so hard for that particular provision and this is where it seems to me that the only answer is in a general aid bill such as we have before the committee now, because you have some 50,000 children that you have to educate, at an average cost of some \$800 per child, but you are only getting \$11.35 per child from the Chicago Housing Authority, in lieu of taxes, and I think this is really the crux of your financial problem in Chicago.

Dr. LEHNE. I think it is a big factor.

Mr. PUCINSKI. If we could find some way to provide a better financing deal for these children, my guess is that all of the cities have a large concentration and the same problem.

Dr. LEHNE. Surely. There is no better vehicle now before the Congress for giving aid to cities without all kinds of guidelines and strings than through impact aid for the C pupil in public housing.

It is the most perfect vehicle now available before general aid comes if it does and hopefully will come. The children are there and need help now. There is a great tragedy that the wishes of this Congress have been overridden by the decision to veto the bill.

Let me then just turn to what I think are several programs that really work. In spite of the billions of dollars that have gone into compensatory education, we really have not been able to find any real miracles or quick methods of helping children in the inner city.

There are bright spots, but there have been no consistent patterns. We have been looking for models, something that we could use, but they have not shown up anywhere in the Nation.

We do know at this point in time, after 5 years, that there are some methods that work better for inner-city youth than others. There are some school organizational patterns that are better than others. There are some types of teachers who are more effective than others. But in terms of the general pattern of inner-city youth, the educational gains in Boston, Chicago, Detroit, Cleveland, New York, for the inner-city youngster in terms of reading are somewhere between 4 and 7 months gain each year in a 9-or 10-month program. We believe, however, that the potentialities in terms of our teaching staff is there. If we can find ways of releasing that creativity, we are going to make meaningful kinds of breakthroughs that will make a difference to the inner-city child.

I would like to summarize and close by talking about three programs, which I think are particularly important and which I think illustrate the kinds of directions that all of us are going to have to go.

First, I refer to the child-parent center. This was financed with title I funds. Originally, we started out with five and now have 11. We have 2,100 children in them, so it is a relatively small unit.

We start with a 3-year preschool program and 3 years of primary school. The child comes into the program at 3 years of age. The school uses different methods. Most of them have heavy emphasis on the phonetic approach. We work with the youngster in terms of his health and nutritional needs. As I indicated, our per pupil costs are about \$1,600 per child. We work with the parent very, very carefully.

The parent must make a commitment. This is what we are finding out. This can be documented, and I have included data in the back of the materials that I brought for you. The child-parent center student entering the third grade approximately equals the typical Chicago student entering the fourth grade in reading skills.

When that child from the child-parent center enters the first grade after several years in a preschool program, he is ready to read. This is documented. The interesting thing about these small child-parent centers is that these early gains, which are also realized in the Headstart and other title I programs, are maintained rather than eroded. Unfortunately this hasn't been true in other programs.

This has been a very successful program. I think it is going to have to become a capstone if we are going to make any difference in breaking the lockstep of poverty in the inner city.

The second emphasis, which I think is also important, is that of a commitment to in-service or staff development. Let me mention one other type of program. In 1971, again with ESEA funds, we installed

computer-assisted programs in seven inner-city schools. We put 15 terminals in each of these schools, tied in with the computer in the central office.

These terminals each serve 180 pupils in these schools for 20 minutes a day. Every child is programed for reading, and then dependent on his need, for mathematics or language arts. We added six schools in May and hope to add several more, possibly seven in September.

We are now serving 2,600 students in grades 4 to 8. In addition, the hardware-software teacher aid cost was about \$2 million for the program for those 13 schools. Once we have the equipment operational, our ongoing costs are \$1 per pupil per week.

We have found that with these students who had, prior to computer-assisted programs, made reading gains typical of inner-city youth, somewhere around 0.6 months per month, these children in the program after the first year of testing are gaining at the rate of  $1\frac{1}{10}$  months per month. This is really phenomenal, and we can get a computer printout as to what his problems are every single day.

The teacher knows what the child is doing; the principal knows which child needs help.

The third factor in relation to what I think has to happen if we are to improve instruction is that we have to put more and more emphasis upon staff development, teacher training, and retraining. Let me give an example.

We initiated an intensive reading development program in 1970 in 27 schools. We used local moneys. There were no other funds available. It cost \$600,000. It was a very highly developed program. We selected a very competent teacher, gave her special training in working with other teachers in reading, and released her from her classroom assignment. We took all of the teachers in the school and worked with them in terms of a reading program.

We have found in this program that in 7 months of school, the children in those programs have gained  $8\frac{3}{10}$  months. We think we have very clear evidence that early childhood education, renewed concentration on basic skills through computer-assisted instruction and others, and a commitment to staff development and parent involvement, will make the difference.

One other point. We believe that because there is such a concentration of pupils with special needs in cities such as Boston, Chicago, and other great cities for additional funds, because of the municipal overburden, because of the higher costs of land, because of higher salaries, because of the retraining of teachers, we need, in terms of any allocation system, be it Federal, State or otherwise, pupil weighting factors in terms of weighting funds.

The so-called \$1 to one pupil in *Serrano* will not do the job in this country. If we are going to develop potentialities in our youngsters, and we have to do it, we must find a way of providing equality of educational opportunity through fiscal delivery systems that take into account the varying pupil needs and cost of delivery of effective educational service in the cities of America. Thank you.

Mr. PUCINSKI. Thank you very much, Dr. Lehne.

Mr. SLINGSBY. Thank you, Mr. Chairman. Dr. Lehne stated very well the problems of our urban cities, not only Chicago, but applying

to other major urban cities in Illinois, places like Peoria, Rockford, and Springfield. I would now like Mr. Leininger, the superintendent of the River Bend School District, located in the northwestern part of the State, along the Mississippi River, from Fulton, Ill., to tell us about problems that the districts of his size in his part of Illinois, the northwestern part of the State, suffer in regard to the financial crisis at the present time.

Mr. LEININGER. Thank you, Emmett. I want to thank the committee for this opportunity. I will be brief and I think back up many of the things that the other gentlemen have said this morning.

The points I am going to bring out are from a nonmetropolitan, nonurban situation with the school district in Illinois, particularly in northwest Illinois.

As Mr. Stratton indicated, it has been very difficult, in fact in the past 2 years in the northwestern corner of the State of Illinois, we have not passed a tax hike referendum at all. There has been one or two bond issues passed. Generally speaking, the rate of turndown on bond issues, and tax hikes has been very, very high.

A majority of the school districts in the northwestern part of the State of Illinois had to borrow money this past year. In other words, deficit financing is not legal, as the chairman mentioned, in Chicago, but it is in downstate Illinois to borrow money against incoming tax moneys that will be.

We have several school districts and they vary in size, one, a district of approximately 6,000 students and another a district of approximately 400 students that actually went in the month of June, for the larger district, in July 1972, for the smaller one, to script payments or teacher orders.

I have been advised by one of their attorneys that this is the first time since the 1930's that a school district in the State of Illinois had to issue script. These districts in one case again, the larger district of the two I referred to, has already borrowed the limit for this year, has filed a budget for the 1972-73 school term and has borrowed the limit on that budget.

Mr. PUCINSKI. They are paying salaries in script?

Mr. LEININGER. Correct.

Mr. PUCINSKI. I thought this was only in the depression days.

Mr. LEININGER. Correct. Their attorney advised me the last time it was done in Rockford in the 1930's as far as the State of Illinois. The situation is such that the school board arranged with a local bank to accept the script at 5-percent interest.

Mr. PUCINSKI. What district?

Mr. SLINGSBY. Mr. Chairman, there is reference in the publication the State put out, located at the fourth or the fifth page from the last, it started on May 26, the article at the bottom.

Mr. LEININGER. The other small district is the Thompson district in Carroll County, also on the Mississippi river, in the western part of the State.

Mr. SLINGSBY. Fourth page from the back of the document. Excuse me.

Mr. LEININGER. No; I didn't know it was in yours. There are numerous districts as I said in our section of the State who have bor-

rowed or are in deficit financing, borrowed to the limit. In my district, we have \$13,800 behind each child. We had to go to our limit.

We are the 17th poorest unit district in the State of Illinois. We have the 19th highest tax rate, so it is not a situation where the local people are not putting forth the effort. There is no local effort. It is the number of children that we have, the area we have to cover as far as transportation is concerned, coupled with the low assessed valuation of the area.

I think that it has been mentioned here that, again, in the metropolitan and urban areas that we have staff problems and we are experiencing this, in the average type nonurban district in the State of Illinois.

You mentioned North Central. Again, in our district, we are negotiating to a certain extent with the North Central now. We have cut our guidance and band programs and have cut our school health program and have cut our athletic program but yet North Central is not going to accredit us because we won't hire an assistant principal at the high school.

They come along, and we have cut all of these others, but yet they want us to add an administrative person and also want us to increase our art program in the secondary schools. It is a moral conflict as far as my board of education is concerned. They feel to meet North Central's requirements in our high school, they would have to further decrease our educational program say at the elementary level or take something else away from some secondary students, so they can provide these additional services.

It is kind of like robbing Peter to pay Paul concept. We are experiencing this. Again, there are many districts, I would say of the smaller, average-sized high schools between 500 and 1,000 in the north-western part of Illinois, who are experiencing the very thing with North Central that you are speaking of, and I agree with the chairman's evaluation of the situation, that most people are thinking of money, very few of John Q. Public are thinking of the repercussions that losing North Central's accreditation could have upon the post-high school education that the children may want to receive in future years.

Mr. PUCINSKI. You can see though how fast people move when they have the realities facing them. The Chicago schools were threatened with accreditation problems back in 1946 and when that happened, when they suddenly realized that their children were not going to be permitted to enter college, then of course the whole atmosphere changed and there was an entirely different situation, it was not fiscal.

The North Central Association didn't threaten the schools because of scandals, changes, but merely I am trying to illustrate here, how, when people realize the schools may be disaccredited, then they realize the severity of the problem.

Mr. LEININGER. This is the moral thing I pointed out with some boards of education. The people, as you say, the public, the constituents in our district did not want to lose North Central's accreditation, but the board of education is having a hard time seeing themselves to cut say, an elementary program just to meet North Central's standards. They are torn between these two points.

I have no further remarks. I just wanted to point out these things.

Mr. PUCINSKI. I think your contribution is very valuable here this morning because this reference to script brings up to me that we are in the same crisis we were in the dark days of the depression when the schools were faced with a similar shut down and it certainly emphasizes the severity of the problem.

Mr. SLINGSBY. Thank you very much. Now, I would like to call upon the superintendent of the Alton School District, Dr. Boyd Mitchell. Dr. Mitchell, in addition to currently being superintendent of Alton was formerly superintendent of East St. Louis, also a school district in severe economic difficulty.

Dr. Mitchell, I think, will tell you about conditions in that portion of the State which is often referred to as "true downstate" and I would like to call upon him now to present his statement.

Dr. MITCHELL. Thank you, Mr. Chairman and Mrs. Hicks. It is a privilege to be here before you today and to share with you our problems in downstate Illinois. Basically my remarks, in general, will be directed toward the metropolitan east areas of St. Louis on the Illinois side. However, our problems are not unique there. They are quite similar throughout the State.

Our problems have a great deal in common with the matters that were discussed pertaining to Chicago, as we have many people living in public housing. I recall some years before having had the privilege of working with the distinguished chairman toward this end and I, too, was crushed at the veto, and the implications for it.

Most of the districts in our area are strapped. This is as the other districts have mentioned. May I allude a minute or two to East St. Louis? This city has had a great deal of publicity, and it is basically inner city at this time. It really does not have sufficient revenue even with what might come from the Federal Government to do that which the citizens see as necessary, or the board administration would like to provide.

They have been in such a bad situation financially that they have had to go into bonded indebtedness for future years to pay their current operating expenses. Other school districts in the area are having to do the same thing.

I had a fellow superintendent from our own county tell me the other day that his district would have to be able to sell a tax bond by March or April or have to close the schools or pay their teachers in script.

Many of the teachers in our particular area are quite strong in the negotiation movement. They would take a strong stand and, in all probability, would not accept script but just walk out with the statement, "No pay, no work." This was the case in East St. Louis 4 or 5 years ago when they had to go into bonded indebtedness to meet their expenses. More particularly in Alton, a community of about 13,000 students, we are in the initial phases of building an area vocational center which takes in about six or seven area school districts. It is an area, of course, which has received a great deal of attention nationally in career education.

Our position is that if we can not increase our revenue by \$400,000 or \$500,000 a year when this building is completed, we can not open

it. A \$400,000 or \$500,000 increase would actually be about a 25 or 30 cent increase in tax revenue in our district.

We have not been able to pass a tax rate increase in our community since 1963, even though it has been tried several times. This is the story over and over again in and around the school districts in downstate Illinois.

We believe the property tax has gotten to the point that it is virtually useless and even nonprofitable to be a property owner. Whether actually true or not, it is in the taxpayers mind and is about the only opportunity they have to take a stand against increases in taxation.

Other school districts in our area have borrowed money as much as a year in advance. In other words, they would start operating in 1972-73 by borrowing money from the 1973-74 school year thereby digging a deep hole and getting further and further into it.

I think one thing that is bothering educators in downstate Illinois, as it is in other places, is actually the morale factor among the professionals. There can't help but be a strong morale factor when teachers are told there is no possibility of providing the instructional supplies, equipment, or a satisfactory staff to do the job that they know needs to be done with the children.

When they can see the staff being reduced each year, and we had to reduce our staff this year by several teachers, they see an increased student teacher ratio. Unless we find additional revenues, we will have to make major curtailments next year if we are to keep the doors open.

Tied with that is the cost-of-living freeze. It really means nothing to us in our part of the State because it has roughly a 5-percent limitation on it. We could only offer a 2.6-percent increase for professionals taking care of the children of our community. That is not even keeping up with the cost-of-living increase and the teachers this year, in my opinion, will have decreased salaries.

These are about all of my remarks because I know your time is pressing. I appreciate this opportunity to speak to you and I will be happy to answer any questions.

Mrs. HICKS. Well, the Chairman was called down to speak with the chairman of the full committee and that is why he is absent at the present moment. As you hear from the bells, we are having a quorum call in the House, but I would like to tell you that the testimony that you have given here today has been repeated so many times by other school administrators of the great cities across the country and I think that you are absolutely right when you say that the people are almost in a tax revolt and that they are showing their concern regarding taxation through refusal to allow the bond issue and I certainly agree with the chairman that when the situation resolves itself into the payment of teachers by script, that we are in a very serious financial condition in the country and it has been through the efforts of the chairman that the idea of financing education from the Federal level has been brought to this Congress and you who are from Illinois know only too well the great contribution that he has made in this field.

He has certainly been our leader here in the Congress relative to the programs that are financing education.

Mr. PUCINSKI. Thank you. We have a series of meetings going on and I just had to run down there for a moment to find out what we are going to do on extending the student loan program.

Tell me, you have certainly presented a strong case for some new forms of financing public education. It is obvious that the local tax can no longer carry that burden and that is obvious from your testimony and more obvious from your actual experience.

The President has suggested a value-added tax, which would be earmarked for education. I personally have very strong reservations on that approach because it seems to put the burden on the wrong people but I was wondering if you have any suggestions as to how the Federal Government can either realine the priorities or raise additional money other than the value-added tax. Perhaps you would like to comment on that.

Dr. MITCHELL. May I make one comment, Mr. Chairman, relative to that. I think that public education, without a question, has been one of the strongest factors in making this Republic what it is today and I think there should be a general reassessment as to what is important in this country, what has contributed to making this country what it is and what sustains it, whether it is social science or what have you.

I believe it has been public education. I think it is time we reestablish priorities and make our investments in those areas that will give the greatest returns and I believe the public education system is the greatest.

Mr. PUCINSKI. I think, Dr. Mitchell, you make a good point. My own feeling has been that rather than talking about new taxes and I hear everybody talking about new taxes, I cringe at that idea because I recently proposed we make May 10 a national holiday because that is the day when we start working for ourselves, the average American doesn't see a nickel of the money he earns from January 1 to May 10 because it is absorbed by various taxes, State, local and Federal. But it seems to me that the solution is not in new taxes or additional taxes but rather in making the system work in terms of stimulating the economy and also in terms of what you say, deciding precisely what are the priorities, and it seems to me that education ought to be high on that list obviously. But one way, as I suggested earlier, if we could transfer the costs of public aid to the Federal Government, I think that would free up immediately \$600 million of State aid to our educational system.

If we could address ourselves to this problem of children in public housing, the city of Chicago is losing some \$47 million, in other words, you have to find some \$47½ million someplace else to provide the education of children in public housing for whom you receive only \$11.35 per child from the Chicago Housing Authority.

Well, if we could expand section C on a wider basis and give you that kind of assistance, and, as you know, one of the things that my colleagues are not aware of, they think that when we talk of children and public housing we are talking about the big cities, because they are more visible in the big cities.

For instance, Art Lehne says he has 60,000 in Chicago. But the fact of the matter is that the majority, a very large number of children living in public housing projects live outside the largest cities. Public housing in rural areas and in smaller towns which are suffering the same sort of economic crisis, which was just demonstrated this morning on this panel, so it does seem to me that it looks nice, there is a lot of visibility, to say, "We are going to have a value-added tax ear-

marked for education." That is sound, rather impressive, but I think it is the worst kind of a tax that, frankly, we could consider and I was very much opposed to it.

But do you have any other suggestions on what we could do?

Mr. SLINGSBY. Mr. Chairman, I would just like to make an aside, which does not relate directly to the question, but it was called to my attention by members of the panel. A case more serious than issuing script, at least in some minds, I think is the district in Illinois which reached the point where they could only pay the salaries of the teacher and have not been able to pay the Federal Government the withholding income tax on the teacher's salaries.

I think that is a summation of the seriousness of the problem.

Mr. PUCINSKI. It would be pretty bad when the IRS and the U.S. attorney padlock that school.

Mr. SLINGSBY. Well, if you close them down, who are you cheating or denying?

Mr. PUCINSKI. But certainly it shows the gravity of the situation.

I think that you made a tremendous contribution here today because you have given us the problem at the grassroots level and I must tell you that while I am aware of the severity of the problem, and this is why we are holding these hearings, I was not aware that it was really as bad as you painted it and it seems to me like this legislation has to get priority consideration.

I would like to see us move on it in this Congress. There are those who say that perhaps we won't have time, but if what you say about the crisis in financing and crisis in accreditation is true, and I have no reason to doubt that it is not so, because we have other testimony, then it seems to me that the Congress has to move and move very expeditiously.

Dr. LEHNE. We sure appreciate, Congressman, the opportunity for this group from Illinois to have a chance to talk with you in this hearing and represent our views.

Mr. PUCINSKI. Well, you just fortified my determination to get this legislation through this Congress as quickly as possible.

Mr. STRATTON. I would like to say in behalf of the school administrators of the State, I would like to thank you and your committee for inviting us, we appreciate it.

Mr. SLINGSBY. I would like to say the same thing on behalf of the office of the State superintendent of public instruction.

Mr. PUCINSKI. I feel it is really tough to be a school administrator today, We are going to try to give you a little help in the bill we have before the House today, the busing bill, and not only will we try to bring some order out of chaos in the whole operation of distribution of youngsters, but also hope to provide half a billion dollars of additional help to the youngsters you say are in the most needy areas, Dr. Lehne.

We have not computed what Chicago would receive, but this will depend on Dr. Bakalis and the recommendations of the State. So you two better be working close together.

Thank you very much. We appreciate having you here. The committee will stand adjourned subject to call of the Chair.

(Whereupon at 11:30 a.m., the subcommittee recessed, subject to call of the Chair.)

