

Federal funding's twisted history

by Freyda Greenberg

Cuts in the federal budget during the current administration have focused attention on the nation's ability and commitment to provide education. Fiscal austerity at the federal, state, and local levels now poses the frank question, "Will American public schools close their doors?"

It would be a mistake, however, to blame the Reagan policy for destroying, in one fell swoop, the largest free public education system in the history of mankind. It would also be a mistake to succumb to the mythology perpetrated by "budgetary experts" like OMB Director David Stockman, that "human services" be subordinate to the "cold, hard realities" of economic tides. The principles on which the United States was founded make most emphatic the responsibility of the government to promote the well-being of the population in the present generation and the generations to come. If Mr. Stockman's economic policies violate those principles, then his economic policies are wrong.

Postwar decline

In 1958, the National Defense Education Act (NDEA) was instituted. The shortcomings of the U.S. education system were properly seen as a threat to national security, and grants were provided for the improvement of natural-science and foreign-language education. These grants were "categorical" in the sense that funding was provided for stipulated subjects—the aim being to produce scientists, engineers, and teachers.

In 1965, however, the "Great Society" planners altered the meaning of "categorical." Instead of stipulated educational subject-matter and content, aid was directed to *categories of the population* deemed disadvantaged, ranging from minorities to handicapped. Financially strapped school districts, in order to receive federal aid, literally had to shift funds out of educational programs and into "special programs" amounting to social work for the disadvantaged part of the student body, because these programs were now mandated by federal law, while math, science, foreign languages, music, and other subjects that are the heart of education were not. As economic difficulties deepened, the social

work programs could not be cut, so science, math, and so forth were.

By the mid-1970s, a crisis became apparent as studies documented a decline in the performance of public-school graduates. It was found that by 1975, twelve out of one hundred 17-year-olds were functionally illiterate. In 1975, only 53 percent of 17-year-olds knew that each state had two Senators and that the President did not appoint the Congress.

During the same period, only 20 years after NDEA was enacted, concern for educational excellence was superseded by concern about whether children would return from school each day. A 1977 Department of Health, Education and Welfare survey of violence found that although children spent 25 percent of their waking hours in school, 40 percent of robberies and 36 percent of assaults on teens occurred in school.

Plummeting career aspirations, an expanding drug subculture, and low educational standards had combined to make school the most dangerous place for a child to be. Such studies only confirmed what parents and teachers across the country already knew: we have come a long way down in a very short time.

The causes

There were two reasons for America's educational decay in the wake of the 1958 recession. One was the deepening industrial decline, which consistently eroded the tax base at the local level. The second was the deliberate subversion of school curricula, partly by means of federal aid itself.

The period into the 1960s was characterized by a great demand for education. Eyes were focused on a record percentage of college-bound children. NDEA continued to provide improvements in laboratory science and foreign languages and libraries through categorical grants in these areas.

At the local level, economic conditions were such that voters readily approved school bond-issues to improve education. There was no unemployment among, but rather a great shortage of, teachers, engineers, mathematicians and scientists.

Then came Lyndon Johnson, the "Great Society," and the Elementary and Secondary Education Act (ESEA) of 1965. The problem with the "Great Society" in general was that, true to its design by "post-industrial society" architects, it worked against capital formation and the growth of basic industry, against broad-based scientific and technological progress for the nation. In the same way, ESEA worked against educational excellence.

Contrary to some, the problem was not too much federal funding, nor federal funding itself. The problem was that the Johnson administration used federal funding to transform the schools from centers of education

into centers of social-welfare work. ESEA focused federal aid away from the essential educational curricula emphasized by the NDEA, and gave grants for special programs targeted on specific categories of the population: handicapped, minorities, under-achievers, those with speech defects, and so forth.

At the same time, amendments added to the NDEA itself in 1965 subverted the purpose of its categorical grants for science and foreign languages, by adding "other critical subjects." As economic difficulties worsened, science, math and foreign languages were subject to budget cutting, lacking the protection NDEA might have provided prior to the "Great Society" amendments.

Economic conditions were worsening steadily. Industrial contraction, eroding local property-tax bases,

cut into school budgets. The Nixon administration's federal revenue-sharing shifted administrative responsibility more heavily to states where tax revenues were continuing to suffer. In the same year, only 47 percent of school bond issues were approved, compared to an average of 72 to 74 percent throughout the 1960s.

Beginning in 1969, capital outlays for education, as a percentage of local, state, and federal expenditures, fell from a 1950s average of 20 percent to 11.5 percent. By 1977, it was down to 6.5 percent. Instructional costs, reflecting the peak in teachers' salaries, rose to their all-time high of 58.6 percent in 1971-72. Outlays for physical maintenance increased in the same period: fixed expenses for plant maintenance, fuel and so forth increased from 5.8 percent in 1959-60 to 8.5 percent in 1971-72, and to 11.5 percent in 1977-78. Other service

An emergency proposal

The following legislation was drafted by EIR Economics Editor David Goldman for the National Democratic Policy Committee, a political action committee whose advisory board is chaired by EIR founder Lyndon H. LaRouche, Jr.

Be it resolved in the House of Representatives and Senate of the United States assembled that this act shall be known as the National Education Emergency Act of 1981.

Findings

Congress finds:

- 1) That the financial condition of state and municipal governments across the United States is at a point of crisis without precedent since the decade of the 1930s;
- 2) That the financial crisis of municipalities and entities thereof responsible for education threatens the nation's capacity to raise a new generation with the outlook, skill, and goals expected of Americans;
- 3) That the mass closing of schools, firing of teachers, and delaying of school-system openings constitutes a grave, immediate, and intolerable threat to the welfare of this nation;
- 4) That the present conditions of municipal finances have led to a national educational emergency;
- 5) That although the solution to the educational crisis lies broadly in a national economic recovery program, the emergency nature of present conditions demands immediate action on the part of the Congress of the United States.

Title 1. Determination of Crisis Conditions.

Section 1. The Secretary of Education shall accept representations from duly organized School Districts that a "state of crisis" be declared for such Districts.

Section 2. A State of Crisis shall be defined as a condition in which the absence of financial resources will compel School Districts to eliminate major portions of educational services, defined as closing of schools or firing of teachers.

Section 3. The Secretary of Education shall declare a School District to be in a "state of crisis" upon determination that such School District's inability to obtain financial resources is due to circumstances outside the District's control. Such circumstances shall be limited to reductions in state or federal aid to education, inability to raise local taxes through referenda, and inability to obtain credits through the private financial markets.

Title 2. Loan Guarantee.

Section 1. Upon such determination of a "state of crisis," the Secretary of Education shall duly forward his determination to the Secretary of Treasury, including a statement of the School District's financial shortfall for the current educational year.

Section 2. The Secretary of Treasury shall authorize a Guarantee by the Department of Treasury of a new bond flotation by the cited School District, to the amount of the shortfall determined by the Secretary of Education, and of maturity of not less than two years following the commencement of the current education year, and with the full faith and credit of the Government of the United States.

expenditures grew from 6.6 percent in 1959-60 to 8.4 percent in 1977-78.

Just how Great Society federal aid for education worked to undermine the school system under these conditions is exemplified by the Education for All Handicapped Children Act of 1975. The act mandates a "free appropriate public education" for a gradually increasing percentage of handicapped children, until all were served within five years. The federal government was to pick up an increasing percentage of the tab, 10 percent in 1979, increasing to 40 percent by 1982. (The Ford administration fell behind, and when Jimmy Carter authorized \$875 million, it came to only 12 percent in 1980, when it should have been 20 percent.)

What does it mean for a local school district to be required by law to provide "a free appropriate public education" to all handicapped? The law reads that the states and localities must provide a "free appropriate public education" for some 8 million handicapped children in the U.S.

The discussion at the local level thus proceeds: "We have x amount of revenues, we must by law fund the following programs. That leaves y amount of revenue. We will have to cut programs the law does not require." As revenues have declined, the laws have stayed the same, and the cost of implementing the laws has increased.

The effects of such "federal aid to education" were indicated in a study by Beryl Wellborn, a professor at Grinnell College, who examined the effect of revenue shortages on the curricula of 76 percent of Iowa's public schools. He found that cuts were applied to art, music, classes for the gifted, physical education, advanced literature, libraries, advanced science, and mathematics. The effects on math and science, he concluded, would be devastating.

Thus, in a period of economic crisis, schools were forced to make a tradeoff between necessary programs for the handicapped and basic educational necessities.

Ironically, when federal aid to education passed through Congress under the Great Society, it was with the pledge that curricula were to be kept the business of the local school districts. In fact, in ways typified by the "handicapped" act, federal grants did more to shape—and destroy—educational curricula than any other single influence in the history of American education.

The Reagan shakeout

The destructive influence of such aid is compounded in two ways by the Stockman budget. First, by eliminating categorical grants of many types in favor of "block grants," the administration has forfeited its responsibility to ensure adequate funding of those educational programs most urgent to national well-being, yet most deeply eroded—science, education, foreign-language

study, and so forth.

Second, some cutbacks in federal aid do not lessen legal stipulations for local school board "social-welfare" programs. Thus, President Reagan is proposing to cut the federal portion of Aid to the Handicapped funding to \$737.6 million from \$875 million, which was itself 8 percent short of federal contributions required by the original legislation. While Congress raised the figure back to \$900 million in July, the present continuing resolution brings it back down to the \$875 million, not counting probable reductions of 12 percent now under discussion. Yet, states and local school boards are still required to provide handicapped education at the same level as before!

Under the block grant procedure, some 40 smaller federal categorical grants have been consolidated into a few lump sums, with administrative discretion turned over to local officials. The lump sum amounts to a 25 percent cut across the board. Sources in Congress and the soon-to-be-dissolved Department of Education predict that the block grants achieved through the Consolidated Education Act of 1981 are a foot in the door for consolidation of all federal education spending.

What's wrong was shown by administrative reaction to one Congressman's initiative on behalf of education. Paul Simon (D-Ill.), declaring that "where there is a need, we have to meet it," is sponsoring a bill to provide \$87 million annually for foreign-language study in schools and colleges. CIA Deputy Director Bobby R. Inman had testified before a subcommittee of the House Education Committee that the nation's "rapidly deteriorating" foreign-language capability was having an "adverse impact" on national security.

Education Secretary Terrell Bell, however, declared his opposition to the legislation in a letter to the subcommittee, citing "budgetary constraints," and "philosophical disagreement" with such a categorical grant in an age of block grants.

The Friedmanite approach

On the state level, the tax limitation movement that brought us Proposition 13 in California and Proposition 2½ in Massachusetts, among numerous other actions, is being used against the American system of education—manipulating responses to economic decline, and destroying the basis for economic progress, namely, a well-educated labor force. California enacted Proposition 13 in 1978 when the state boasted a multibillion-dollar surplus. Today, the surplus is gone, with the state garnering \$2.5 billion less in tax revenues a year. The effect of Massachusetts' Proposition 2½ was felt immediately. The city of Boston alone lost \$600 million this year. Boston has laid off 25 percent of its teachers and closed 15 percent of its schools.

Milton Friedman et al. jump in next to propose that

if the public sector cannot provide education, the "private sector" can. The same "privatization" lies behind Sen. Daniel Moynihan's insidious tuition tax-credit proposal concerning federal subsidization for private and parochial schooling. The bill is based on a lie: the claim that a net migration of students from public to private schools is occurring. Even were this true, Moynihan's bill would only accelerate the trend, rather than address the problems of America's public-school system. However, while it is the case that public-school enrollments are declining, there is absolutely no corresponding increase in private-school enrollment. (Slowed population growth and an accelerating dropout rate in major U.S. cities may account for this.) Moynihan, one of David Stockman's original patrons and a Socialist International operative turned "neo-conservative," would therefore seek to *initiate* an exodus from the public schools.

Such "privatization" is also being promoted by the advocates of Proposition 13 in California. This "system" is comprised of glorified daycare centers using abandoned school buildings, church basements, and the like, staffed by "paraprofessionals" and laid-off teachers—at 20 percent lower wages. Fire and safety codes are met, but education is whatever the assembled staff decides to provide.

Such proposals, as *EIR* Economics Editor David Goldman implies in the accompanying draft legislation, are indeed a threat to America's national security. Free universal compulsory public education is not an incidental feature of a nation-state; it is essential to provide the percentages of scientists and technicians, and the quality of population that can assimilate the scientific and technological progress, and the patriotic commitment, upon which a nation depends. If this system is destroyed, America itself will soon follow.

'Compulsory schooling is a thing of the past'

Education vouchers are being touted as a scheme that will "solve" the current dilemma of financing education—improving education and saving money. The proposal would replace public financing with a policy of issuing vouchers to families for their school-aged children. The family then chooses which school, private or public, they wish to send their children to. Schools would vie for enrollments, and the bureaucracies involved in disseminating funds to public schools would be eliminated. According to the Education Voucher Institute (EVI), which promotes both the vouchers and its sister "foot in the door" plan for tuition tax credits, "principles of free enterprise" would thus lead to "a superior system of quality education."

Voucher advocates, who include Milton Friedman, point to the enormous savings their plan will provide. Where annual costs per student in public education now average between \$2,000 and \$3,000 per year, (Boston schools spend \$4,000 per student per year,) Friedman et al. call attention to a figure of \$750 per year per student in private schools. If this is so, the voucher proponents argue, then a \$1,000 or \$1,200 per year voucher would lead to tremendous savings. It would in fact do much more. In an interview made available to *EIR*, the Director of the Michigan-based EVI, Dr. Frank Fortkamp, expounded on how the plan would end America's compulsory education system.

Q: Under the voucher plan, won't certain schools go bankrupt if families chose not to patronize them?

A: Sure! But new schools will be set up, teachers will wise up and start new schools. They'll say, "Look there are 500 students in that apartment building, they each have a \$1,000 voucher, that's \$500,000 for us to start a school." They'll find a church basement, get local people to help with the janitor work, brown-bag it instead of cafeterias, and they'll have a school.

Q: What about standards?

A: Compulsory education is a thing of the past. . . . Our public school system may have been appropriate to the industrial revolution of the 1800s but it is not appropriate for the new technological revolution.

Q: Do you mean more computerized education?

A: The parents and the job market will set the standards. . . . The home education movement is growing, compulsory education is not enforced; parents, even affluent ones, are leaving their children at storefront centers to learn on computer terminals. . . . that's the education these children need today. . . . Our public school system is boring, uninteresting.

Q: Where do you foresee breaking through on this proposal?

A: In systems that are belly-up like in Michigan. Why do you think we located here? The Boston Finance Commission has a committee on vouchers. . . . We're not comparing our proposal with a functioning public education system. In several years, there won't be a system.