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Toward a Theory of Crisis Policymaking

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**POLICY CRISES AND POLICY CHANGE:
TOWARD A THEORY OF CRISIS POLICYMAKING**

Volume I

By

Sandra Marie Vergari

A DISSERTATION

**Submitted to
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ABSTRACT

POLICY CRISES AND POLICY CHANGE: TOWARD A THEORY OF CRISIS POLICYMAKING

By

Sandra Marie Vergari

The purpose of this dissertation is the development of a theory of crisis policymaking. The dissertation is structured according to three research questions: What is a policy crisis? What are the effects of a policy crisis on the policymaking process? What are the effects of a policy crisis on policy outcomes?

In this case study, I examine the Michigan school finance policy crisis of 1993. This crisis arose when lawmakers voted to abolish the use of the local property tax for school funding, thereby eliminating two-thirds of the funding for Michigan's public schools. In-depth interviews with over 50 key players in the reform process provide a rich data base for the study. Information from the interviews is complemented by documentary and archival data.

The theory I have developed is based on a careful review of the research literatures on policy crises and on policymaking. Further, the Michigan legislature is quite professionalized and similar to the legislatures of other large states and the U.S. Congress.

A policy crisis exists when a majority of the policymakers in a governing body perceives that it exists. The findings I present indicate that a policy crisis has important effects on the policymaking process. Lawmakers confronted with a policy crisis are likely to abandon traditional mechanisms of policymaking in favor of mechanisms that promote

a careful yet efficient resolution to the crisis. During a policy crisis, skilled chief executives and legislative leaders are in decidedly advantaged positions over interest groups fearful of change and an unorganized general public.

My findings also indicate that a policy crisis opens a critical window of opportunity for policy change not only in the policy area in crisis, but also in a related policy area.

The dissertation contributes to our understanding of crisis policymaking and the factors that contribute to major policy change. The findings presented should be of interest to students of the policymaking process; students of school finance and school quality reform; and, policymakers and policy entrepreneurs.

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Chapter One

Toward a Theory of Crisis Policymaking

INTRODUCTION

In 1993, property tax relief and school finance reform were longstanding unresolved issues in Michigan. Over the preceding two decades, a series of ballot proposals for property tax relief were defeated at the polls, including a June 1993 measure that had broad support from both Republican and Democratic policymakers. This was a precarious situation for Republican Governor John Engler as property tax relief had been his most salient campaign promise of 1990. Having defeated the incumbent governor by less than 1 percent of the vote in 1990, Engler now faced his upcoming 1994 re-election campaign without having delivered on a key promise. Following the defeat of the June 1993 ballot measure, the Michigan Legislature was considering an Engler-backed 20 percent cut in property taxes to be phased in over a few years. This state of affairs was suddenly altered when a new and unexpected property tax proposal was advanced in the Michigan Senate.

On 20 July 1993, a Democratic state senator stood before the Michigan Senate and proposed to abolish the local property tax as a source of operating funds for the public schools. In less than 24 hours, the proposal -- an amendment to Senate Bill 1 (SB 1) -- was approved in both chambers of the Michigan legislature. Interest groups, the mass media, other legislative observers, and even the lawmakers themselves were caught off guard by this course of events. When Republican Governor John Engler signed SB

1 into law the next month, two-thirds of school operating revenue -- \$6.5 billion -- had been eliminated.¹ The public schools now faced the 1994-95 school year devoid of necessary funding. Michigan lawmakers had initiated a policy crisis.²

BUILDING A THEORY OF CRISIS POLICYMAKING

In this study, I use the SB 1 policy crisis to develop a theory of crisis policymaking. In particular, I examine the effects of this policy crisis on the policymaking process and its outcomes. A policy crisis affects the incentives, strategies and roles of actors with a stake in the policymaking process. These actors include legislative leaders, the governor, interest groups, policy entrepreneurs and the general public. During a policy crisis, lawmakers are prompted to use extraordinary mechanisms of policymaking that have important implications for the policymaking process.

A policy crisis opens a critical window of opportunity for major policy change - not only in the policy area in crisis, but also in related areas. In the SB 1 case, skilled policy entrepreneurs were able to seize the crisis in school finance to obtain innovative policy reform on the school quality front. The school quality policy area was not generally recognized to be in a crisis state; however, policy entrepreneurs recognized an opportunity to capitalize upon the SB 1 policy crisis in pursuit of their policy goals.

The Michigan case is a fascinating instance of policymakers deliberately creating a crisis in order to compel policy change. A study of this case is important for several

¹ When signed into law, SB 1 became Michigan Public Act 145 of 1993.

² The Senate approved SB 1 by a vote of 29-5; in the House, the bill passed by a vote of 69-35. See fn 13 in Chapter Three for the party distribution of the votes. For further discussion of the events and conditions leading up to the SB 1 policy crisis, see Chapter Two.

reasons. First, existing theories of the policymaking process do not adequately account for the Michigan case and other cases of legislatively-induced policy crises (e.g., the Social Security crisis of 1982-83 and the U.S. budget crisis of 1995-96). Indeed, as noted in Chapter Three, the limited literature on the creation and consequences of policy crises tends to focus on the executive branch of government. Examples include studies of foreign policy crises (e.g., Hermann 1972 and contributors to Kiewe 1994) and studies of domestic policy crises (e.g., Weinberg 1977; and contributors to Rosenthal et al. 1989). However, with the exception of Light's (1985; 1995) work on the Social Security crisis of 1982-83, there has been very little systematic research on policy crises and the legislative process. My research begins to address this gap in the policymaking literature. In contrasting crisis policymaking from ordinary policymaking, we should gain a better understanding of both types of processes and the outcomes they generate.

Sabatier (1991: 280) points out that the field of public policy lacks a "commonly accepted, clearly articulated, and empirically verified body of theory." He avows that the "paramount task" for students of the policy process during the 1990s will be to apply existing theory in a variety of settings, to refine and expand existing theories that appear promising, to reject those that do not, and to develop new theories to take their place (Sabatier 1991: 282). While such a task cannot be achieved through one study alone, it is hoped that this study will be a meaningful contribution to the collective effort to evaluate and refine existing theories of the policymaking process.

Second, while incrementalism is the norm in policymaking, rapid, major policy change sometimes does occur. Students of the policy process such as Baumgartner and

Jones (1993) and Dror (1994) have emphasized the need for a better understanding of the conditions under which major policy change occurs. This dissertation contributes to our understanding of the factors that lead to major policy change.

Third, there is an expanding literature on policy entrepreneurs that examines their advocacy of policy change. A number of scholars have identified an incentive for policy entrepreneurs to promote the notion that a crisis is at hand (e.g., Polsby 1984; Henig 1994; Mintrom 1994). The Michigan case provides an important opportunity to examine the incentives and activities of such actors during crisis policymaking. My research builds upon Polsby's (1984) important observation that skillful policy entrepreneurs may be able to capitalize upon a crisis in a given policy area to encourage policy change not only in that policy area, but also in a related policy area in which a crisis is not generally recognized.

Fourth, there is very little research on the roles and strategies of interest groups and the general public during policy crises. My research begins to assess the extent to which a policy crisis promotes or inhibits policy influence and success on the part of interest groups. The Michigan case provides the opportunity to analyze how skillful interest groups cope with the threats imposed by a policy crisis and how they pursue their policy goals. Political analysts such as Edelman (1964) and Sabatier (1991) suggest that the general public plays a relatively limited direct role in policymaking. However, there has been little research that indicates the nature of the role of the public during a policy crisis.

This study also contributes to our understanding of the dynamics of education

reform at the state level. James (1991) asserts that more research is needed to understand the changes occurring in state authority over education in the United States; and, Michigan has joined the trend of increasing state influence in public education (see Weissert 1994). Finally, the dissertation provides an organized, detailed documentation of the historic 1993 school finance and school quality reform process in Michigan.

The findings presented here should be of interest to a broad audience, including: political scientists and others interested in the policymaking process; students of school finance and school quality reform; and, of course, policy entrepreneurs and policymakers.

THE RESEARCH DESIGN

The research design for the dissertation is the in-depth case study. The case study design is the preferred strategy "when 'how' or 'why' questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context" (Yin 1994: 1). Case study research is appropriate when the researcher wishes to examine not only some complex phenomenon in itself, but also the contextual conditions surrounding it (Yin 1994). The SB 1 policy crisis did not occur in a vacuum; therefore, the dissertation includes an examination of relevant historical, economic, political and constitutional factors that shaped the crisis and its outcomes.

Before we can proceed to more quantitative studies of policy crises, we need to gain a good understanding of the *politics* of crisis policymaking (e.g., what are the incentives and strategies of political actors during a policy crisis?). We also need to

identify the proper variables to analyze. The in-depth case study is the preferred research design for these objectives.

The single-case study is also justified when the case represents an extreme or unique case. When an event occurs rarely, scientists may have been unable to determine common patterns associated with the event. Thus, the single-case study is a useful research design whenever the rare event occurs (Yin 1994: 39-40). The extraordinary elements of the Michigan case justify in-depth examination. While the details of the Michigan case are unique, the case shares characteristics in common with other policy crises, such as the Social Security crisis of 1982-83. In addition, the Michigan legislature is quite professionalized and similar to the legislatures of other large states and to the U.S. Congress. Thus, it is expected that the key points I advance here can be applied to other policy crises. The insights gained from this careful study of the Michigan case can be applied to policy crises in other policy areas and to legislatures at the state and national levels. My methodology can be replicated and the findings of this study can be combined with those of future studies of other policy crisis (e.g., court-imposed crises) in order to build upon the theory advanced here.

In-depth interviews with over 50 key participants in the reform process provide a rich data base for the study. I conducted the interviews during the months of January through May 1995, and they ranged from 20 minutes to two hours.³ The interviews were guided by a structured questionnaire with open-ended questions. In order to elicit

³ Most of the interviews lasted at least 30 minutes and many spanned 45 minutes. Most of the interviews were conducted in January and February 1995.

frank responses, each interviewee was assured of confidentiality.

A total of 38 legislators -- 18 Democrats and 20 Republicans -- in office during the SB 1 policy crisis were interviewed. On the House side, 12 Democrats and 14 Republicans were interviewed while six Democratic and six Republican senators were interviewed.⁴ Lobbyists representing 11 different interest groups were interviewed; five of the lobbyists worked for business interest groups and six were from education interest groups. In addition, several officials from the executive branch and legislative staff were interviewed. Survey respondents were typically chosen on the basis of criteria such as whether an individual was a member of a relevant legislative committee or informal team during the SB 1 policy crisis, or whether an individual was a lobbyist for a key interest group with a stake in the outcome of the SB 1 policy crisis. The sample was also based on recommendations from respondents regarding relevant players in the reform process.

The accuracy of the findings is enhanced by the fact that the respondents comprise a diverse group including most of the key players in the reform process. Further, the interview data has been corroborated with information from other sources including Michigan government publications, interest group literature, mass media reports, and academic and think tank pieces on the case.

STRUCTURE OF THE DISSERTATION

The chapters of the dissertation are organized according to three key research questions:

⁴ It should be noted that this pool of respondents includes all but one of the members of the House "Team of 14" (this team was widely viewed as integral to the successful resolution of the SB 1 policy crisis). One Team of 14 member declined to be interviewed.

- What is a policy crisis?
- What are the effects of a policy crisis on the policymaking process?
- What are the effects of a policy crisis on policy outcomes?

In addressing these questions, the dissertation is structured according to a series of "Key Points:"

Key Point 1.1: Policymakers ultimately decide whether or not a policy crisis exists. When a majority of policymakers perceive that a situation threatens their high-priority objectives, there is likely to be consensus that a policy crisis exists.

Key Point 1.2: A policy crisis creates an urgent need for policymakers to act within a restricted time frame.

Key Point 2.1: During a policy crisis, policymaking mechanisms that promote careful yet efficient crisis resolution (e.g., special negotiating teams and closed door negotiations) are favored over traditional institutional processes of policymaking.

Key Point 2.2: The imperative for a timely remedy during a policy crisis promotes political compromise and provides cover for lawmakers faced with difficult votes on controversial measures.

Key Point 2.3: A policy crisis presents not only the opportunity for a chief executive to reap political rewards, but also the risk of political damage. Therefore, during a policy crisis, the chief executive is highly motivated to promote legislative consensus on a remedy.

Key Point 2.4: The imperative for lawmakers to act, and to act quickly, during a policy crisis is a disadvantage for groups whose interests are at stake during a policy crisis. Such interest groups tend to assume a reactive position during a policy crisis, focusing their efforts on opposition to policy options rather than support for policy proposals.

Key Point 2.5: Although the public plays a minimal role in directly affecting the development of the resolution to a policy crisis, policymakers will nevertheless be concerned about potential public reaction to any legislative remedies approved. Thus, the public will have at least an indirect effect on crisis policymaking.

Key Point 2.6: A policy crisis opens a window of opportunity for advocates of policy innovation to achieve their objectives.

Key Point 3.1: A policy crisis marks a turning point in a policy area and is likely to result in rapid, major policy change.

In Chapter Two, I review important elements of the historical, economic, political, and constitutional contexts surrounding the SB 1 policy crisis. The intent of this chapter is to identify several significant contextual factors that precipitated the SB 1 policy crisis and shaped its resolution.

In Chapter Three, I address Research Question 1 and present the concept "policy crisis." I draw from the research literature to develop a useful definition of the concept. Key Points 1.1 and 1.2, regarding the nature of policy crises, are discussed in this chapter.

After having defined the concept of "policy crisis," in **Chapter Four** I turn to Research Question 2. The focus of this chapter is on the dynamics of the legislative process as well as executive-legislative relations during the SB 1 policy crisis. Key Points 2.1 and 2.2, regarding crisis policymaking in the legislature, and Key Point 2.3, on the incentives of the chief executive during a policy crisis, are addressed in this chapter.

The focus of **Chapter Five** is on the roles of interest groups and the general public in the context of crisis policymaking. Here, I address Key Point 2.4, on interest group incentives during a policy crisis, as well as Key Point 2.5, on the largely indirect role of the general public in crisis policymaking.

Up until this point, the focus of the dissertation is on the SB 1 policy crisis and school finance reform. However, the SB 1 policy crisis also engendered major change in the school quality policy area. Thus, in **Chapter Six** I address Key Point 2.6 and show that school quality reform advanced to the top of the policy agenda during the SB 1 policy crisis. The chapter illustrates how policy entrepreneurs can capitalize on a policy crisis in a given policy area to promote policy change in a related area that is not generally recognized to be in a crisis state.

In **Chapter Seven**, I turn to Research Question 3 and review the outcomes of the SB 1 policy crisis. Here I address Key Point 3.1 and evaluate the important policy reforms arising out of the SB 1 policy crisis.

Finally, in **Chapter Eight**, I return to each of the Research Questions and highlight the major findings of the study. Suggestions for future research are also

included in the chapter.

Although the focus of this study is on the SB 1 policy crisis, the theory advanced here has the potential to explain crisis policymaking and its consequences in areas other than school finance and school quality reform, and in other legislatures. In addition, it is expected that this theory could prove useful for understanding the dynamics of other types of policy crises, such as those that are court-imposed. The insights gained from this study of the Michigan case provide a fuller understanding of crisis policymaking. They comprise a solid foundation on which to base future systematic work on similar policy crises in other policy areas and also on other types of policy crises.

Chapter Two

The Context of the Case

INTRODUCTION

The SB 1 policy crisis did not occur in a vacuum. Key historical, economic, political and constitutional factors set the stage for the emergence of the crisis and defined the parameters for its resolution. Thus, to fully understand the SB 1 policy crisis and its outcome, it is important to first consider the context of the case. Key contextual factors examined in this chapter include previous state activity to equalize school funding; a well-publicized early closure of a school district; prior (unsuccessful) attempts to secure property tax relief; the high property tax burden in the state; the political landscape of the governorship and the legislature; and, finally, constitutional provisions that placed constraints on both the policy process and the substance of the school finance reform package.

HISTORICAL HIGHLIGHTS

The Bursley Act

The last major reform of Michigan's school finance system prior to SB 1 was the Gilbert E. Bursley School District Equalization Act of 1973.¹ This act was intended to address the substantial funding disparities across Michigan's school districts that had

¹The act was named for a state senator who helped to develop and ensure passage of the law. It should be noted that a controversial and short-lived "Robin Hood" plan established in 1991 to re-distribute a portion of property tax funds from wealthy school districts to other school districts survived court challenges but was repealed by lawmakers.

resulted from a reliance on local property taxes to fund the schools. Due to varying property values across school districts, a district might levy a higher operating millage than a neighboring district yet still reap many fewer dollars than the neighboring district. The intent of the Bursley Act was to equalize the financial yield for each mill levied by local school districts. Regardless of the taxable wealth of a school district, the state would guarantee the district the same basic revenue per pupil as any other district levying the same tax rate. Thus, the state would guarantee that equal tax efforts would result in equal dollar yields.²

The Michigan legislature annually set equal yield levels by designating a lump sum per pupil allocation, plus so many dollars per pupil, for each mill levied for operating expenses. Through the equal yield formula, the state provided funds to districts whose property tax bases were too low to yield revenues in the state's guaranteed amount for a given millage rate. These districts were labelled "in-formula" districts. Districts whose property tax bases allowed them to exceed guaranteed yields for given millage rates were designated "out-of-formula" districts and did not receive money for school operating expenses from the state School Aid Fund.³

The objective of the equal yield formula was not to produce identical operational millage rates but to make the system wealth neutral (Addonizio et al. 1995). Voters in the local districts would then decide upon their respective millage rates. In 1976-77, the formula was working largely as intended -- the more mills levied in a district, the more

²For detailed information on how the Bursley Act worked in practice see Kearney (1990).

³ In 1990-91, there were 163 out-of-formula districts and 396 in-formula districts.

revenue per pupil generated (*ibid.*). However, this relationship began to weaken in 1978-79 and fell quite rapidly over the next decade. By 1989-90, the correlation between tax rates and revenues per pupil was only .05 (Addonizio et al. 1995: 236). Greater tax efforts in higher millage districts were not accompanied by comparatively higher revenues per pupil.

The benefits of the formula grant were diminished by vast differences in the taxable wealth and spending levels across districts. Since the state guarantee could not keep pace with rapid increases in the taxable wealth of many school districts, there were huge disparities in per pupil revenue across Michigan school districts (Kearney and Anderson 1995).⁴ Addonizio et al. (1995: 236) found "a positive and relatively strong relationship between tax wealth and revenue per pupil" in the years preceding the SB 1 policy crisis. Further, the Bursley Act was followed by the creation of many new state categorical grant programs that channeled aid directly to all school districts to pay for specific programs. These grants also served to circumvent the equal yield formula.

Kalkaska

Kalkaska is a small rural community located in the northwest section of the lower peninsula. Kalkaska's population is about 13,500 and its school district serves about 2,800 students. In 1993, Kalkaska's school millage rate was significantly below the state average, and its per pupil spending was below the statewide median.

⁴As evidence, Kearney and Anderson (1995: 3) highlight the following case: In 1993-94, Bloomfield Hills had taxable wealth per pupil of \$364,000 while Detroit had taxable wealth per pupil of only \$30,000. Detroit, an "in- formula" district, levied 44 mills for operations and was realizing -- with state aid -- \$5,201 per pupil. Bloomfield Hills, an "out-of-formula" district, levied just 24.8 mills for operations yet was realizing \$10,749 per pupil without any state membership aid.

On 15 March 1993, Kalkaska voters defeated by a 2-1 margin a ballot proposal for an additional 7.36 mills to keep the schools open for the remainder of the 1992-93 school year. Voters had been warned that the Kalkaska schools would have to shut down if the millage increase failed. The mills would have raised \$1.5 million by increasing the average property owner's tax bill by \$160 (Hacker 1993). The same millage increase had been twice rejected by voters in the past six months -- in November 1992 by a 2-1 margin, and in September 1992 by a 3-1 margin.

After a half-day of classes, the Kalkaska schools were closed two and a half months early on 24 March 1993. It was only the second time in Michigan history that a school district did not keep its schools open for 180 days.⁵ Kalkaska was believed to be the first school district in the nation to end the school year so early due to financial difficulties.

Hundreds of school officials and teachers from other districts attended Kalkaska's closing ceremony, held at a middle school, in what was billed as a "vigil for education" and likened to an "old-time revival" (see Hacker 1993, and Richardson and Hacker 1993). The president of the 2.1-million-member National Education Association, Keith Geiger, came to Kalkaska from Washington, D.C. in order to attend the event. Geiger compared the Kalkaska schools to an auto plant with financial problems that must temporarily shut down, stating that Kalkaska was "shutting down the plant." He contended that the school board and administrators were not the problem but rather

⁵ The Alpena schools shut down for two weeks in 1981 when the district ran out of money. In May 1994, the West Branch-Rose City schools were closed two weeks early when the district ran out of money.

"Michigan's archaic and inadequate system of school finance" (Richardson and Hacker 1993).

According to the executive director of the Kalkaska Area Chamber of Commerce, the closing was supported by the community (Hacker 1993). The president of the Kalkaska Board of Education, Mel Cooke, explained that the board "decided that 135 days of quality education is better than 180 days of bad education" (Trimer-Hartley and Richardson 1993). Five years ago, Kalkaska students did not have art, music or gym classes and Cooke stated that "we just weren't going to do that to the children again" (ibid.). Robert Maxfield, Superintendent of the Berkley School District in Oakland County contended that there was a "general feeling in the education community of, 'God bless them, they did what was best for the kids'" (ibid.).

On the other hand, Dr. Robert Schiller, the State Superintendent of Public Schools, criticized Kalkaska officials for "being foolhardy and jeopardizing their children's welfare" (ibid.). At the time of the closing Schiller contended: "There are ways for Kalkaska to avoid this manufactured crisis. They can certainly maintain their schools by doing nothing extraordinary" (ibid.). The director of the Middle Cities Education Association, an organization that represents school administrators in medium-sized cities echoed: "The bad guys are the school board, the superintendent and the taxpayers. These are publicity seekers....They could have done all sorts of things. They're just thumbing their nose at the state" (ibid.).

According to some observers, Kalkaska did have a number of options at its disposal in order to make ends meet, including: borrowing against anticipated increases

in property taxes, cutting salaries, cutting programs, adjusting financial books to delay payments and/or accelerating tax collections. On 24 March 1993, the state Senate passed legislation that would have given the state the authority to appoint a financial manager in Kalkaska who could reopen the district, but the bill stalled in a House committee.

An editorial in the *Detroit Free Press* declared that "Kalkaska's children are the most conspicuous -- but hardly sole -- victims of a Michigan school finance system that has grown grotesquely unfair, inadequate and overreliant on local property taxes" (*Detroit Free Press* 1993). Significantly, the same position was advanced at the outset of the 1980s in a *Detroit Free Press* editorial that asserted in part: "statewide school financing remains a major piece of unfinished business in Michigan. The inequities are unconscionable and getting worse" (Detroit Free Press 1981). The crisis in Kalkaska had been engineered to serve as a "wake-up call" to Lansing. It was a focusing event which caught the attention of policymakers and the public. Indeed, it assisted change agents in "softening up" the environment (Kingdon 1995) for school finance reform.

Failed Attempts at Reform

Throughout the 20 years preceding the SB 1 policy crisis, Michigan lawmakers and taxpayers were cognizant of problems with property taxes and school finance in the state. Accordingly, numerous attempts at reform were undertaken. Indeed, as indicated in Table 2.1, there were no fewer than 13 property tax reform measures on the statewide ballot between 1972 and 1993. Disdainful of the status quo, but fearful of proposed

TABLE 2.1: Property Tax Measures on the Statewide Ballot in Michigan, 1972-1994

<u>Year</u>	<u>Number of Property Tax Ballot Proposals</u>
1972	1
1978	3
1980	3
1981	1
1984	1
1989	1
1992	2
1993	1
1994	1

changes voters rejected all but one of these ballot measures.⁶

Proposal C, November 1992 Of the two property tax proposals on the November 1992 ballot, the Proposal C measure to "cut and cap" property taxes received the most attention from politicians and special interest groups.⁷ Proposal C would have provided a 30 percent reduction in school property taxes over a five year period. In addition, annual property assessment increases would have been limited to 3 percent or the rate of inflation, whichever was less. When property was sold, it was to be reassessed at 50 percent of true market value. County and municipal governments would not be reimbursed for lost revenue. The state was expected to reimburse the schools for revenues lost due to the measure; however, there was controversy over just where the state would obtain the funds to do so. Proponents of the plan said the funds would come from expected state revenue growth and limits on the growth of government; opponents were skeptical. The proposal was generally favored by Republicans and opposed by Democrats. Voters defeated Proposal C by a margin of 63-37 percent.

⁶The Headlee Tax Limitation Amendment of 1978 was the measure which succeeded. This amendment has several key restrictions or requirements: a.) total state tax revenue may not exceed a fixed proportion (9.49 percent) of total state personal income, b.) total state spending to all local governments may not fall below the proportion in effect in 1978-79, c.) the state cannot impose new unfunded mandates on local governments, d.) property tax revenue within a school district is limited to the same amount as the prior year, adjusted for inflation, unless the voters approve a "Headlee override," e.) bonds pledging the full faith and credit of local governments require voter approval, and f.) any local tax not authorized prior to the amendment requires voter approval.

⁷The other, more narrowly drawn, property tax measure on the November 1992 ballot was labelled "Proposal A." This proposal would have limited annual homestead assessment increases to five percent or the rate of inflation whichever was less, until the home was sold. At that time, the property would be assessed at 50 percent of true cash value. The proposal applied only to primary residences. This proposal received relatively little attention as the mass media and activists focused on Proposal C. Proposal A was defeated by a margin of 59-41 percent.

Proposal A, June 1993 The most recent property tax measure on the statewide ballot prior to March 1994 was Proposal A of June 1993. The 1993 proposal would have reduced school operating taxes from an average of 34.6 mills to between 18 and 27 mills. Voters in local districts could approve up to a maximum of 27 mills. The state sales tax was set to increase to 6 percent. Annual property assessment increases would be limited to 5 percent or the rate of inflation, whichever was less; property would be reassessed back to 50 percent of true market value when it was sold.⁸ Further, there was a guarantee that all school districts would eventually spend at least \$4,800 per pupil. Spending per pupil was to grow as sales tax and other revenues increased. The proposal would have also placed a guarantee in the Michigan Constitution that all lottery proceeds be used to fund the schools.

A \$1.5 million campaign in favor of the June measure received broad backing from business and education groups, Republican Governor John Engler, and legislators from the two major political parties. In a rare case of policy agreement with Governor Engler, the Michigan Education Association (MEA) led a grass roots coalition to pass the June 1993 measure. The state United Auto Workers and AFL-CIO led the opposition to the proposal, asserting it would be another broken promise similar to assurances in the 1970s that the state lottery would aid education.⁹

The Michigan Lottery was created in 1972 by voter approval. During the referendum campaign, some proponents of the lottery told voters the revenue would aid

⁸ The rate of inflation in Michigan in the spring of 1993 was 3 percent.

⁹ "AFL-CIO" refers to the American Federation of Labor-Congress of Industrial Organizations, an association of labor unions.

education. However, neither on the ballot, nor in state law, was it stated that lottery revenues would go to schools. The money was to go to the state's General Fund.¹⁰ In 1972, state funds took care of about half the cost of the public school system in Michigan. It was expected that the lottery funds would add to the state's ability to fund K-12 education. However, the state's share of funding for the public schools declined over time since the beginning of the lottery. The earmarking of lottery funds for the schools was followed by reductions in other state school aid. This state of affairs is widely viewed to have contributed to voter cynicism and distrust of government in Michigan.

Taxpayer groups in the suburbs of metropolitan Detroit also voiced their opposition to the proposal. Some opponents of the proposal were concerned that hard-pressed districts in the Detroit tri-county area would receive first-year per-pupil spending increases of 3 percent while many rural outstate districts would see 10 percent increases. And opponents from wealthier school districts were concerned about the future financial status of their schools.

Michigan voters rejected the June 1993 proposal by a margin of 54-46 percent. Voter turnout was relatively high at 37 percent, with 2.17 million votes cast.¹¹ Voters in 68 of Michigan's counties approved Proposal A while voters in 15 counties voted against it. The proposal did well in southwestern, central and northern Michigan (less

¹⁰ In 1981, Public Act 40, earmarked Michigan Lottery revenues to the State School Aid Fund.

¹¹ An additional 343,000 people had voted in the 1990 midterm elections when the governorship, a U.S. Senate seat, and the entire state legislature were up for election.

well-funded outstate school districts stood to gain the most from the proposal) but was defeated overwhelmingly in southeast Michigan. The Detroit tri-county area, comprised of Macomb, Oakland and Wayne counties, rejected the measure by a large margin, with a total of 627,816 "no" votes. In the rest of the state, the proposal passed 59-41 percent. The vote totals were 1,164,288 against and 1,007,216 in favor -- a margin of defeat of 157,072 out of 2.17 million votes. Outstate voters were upset that a few counties could set policy for the entire state.

Lawmakers and other analysts perceived that voter cynicism and distrust of government contributed to the defeat of the proposal. Despite its defeat, Proposal A fared better among voters than the two property tax issues on the November 1992 ballot. The Proposal A plan of March 1994 that resulted from the SB 1 policy crisis contained a number of similarities to the Proposal A of June 1993; e.g., a focus on the sales tax, a property tax cut, a cap on property assessments, and a per pupil spending guarantee.

After the defeat of the June 1993 measure, lawmakers were, in the words of one of them, "ready to try just about anything" to achieve property tax and school finance reform in Michigan. Several lawmakers with whom I spoke recounted that the defeat of Proposal A in June 1993 engendered a good deal of frustration at the Capitol. A Republican senator reflected:

[W]e came close in June of '93. It was the closest anyone's come. It was 54-46....we won in [nearly] 70 counties....Narrowly lost in 10. Got the butt kicked out of us in three. If you had told me we'd get a million 'yes' votes and carry 70 counties, I would have said "How could we lose?" But we did.

A leading member of the House emphasized what he called the "psychology" of the

Proposal A defeat:

We were debating this property tax issue for years without resolution...In your analysis of this, don't forget Proposal A which was put on the ballot and defeated....and then combine that with term limits. What you had were a bunch of members in the House and Senate, particularly in the House, who for many years, believed that change was necessary in school finance and worked on several unsuccessful ballot proposals. And at long last, had come together for that June '93 proposal, to put a plan on the ballot that most of us felt really made good sense. And we had the Governor not playing politics with the legislature on it, everyone came together. And [we] said "this, at long last, is a good proposal." And you had, unlike past efforts, a fairly united school community. When that thing lost, a lot of legislators who are facing term limits, I think decided: "if we don't find a way to do it ourselves, it's never going to happen." And I really think a lot of us, I'll include myself, voted for Senate Bill 1 believing that the only way it would happen would be to force the crisis.

When previously given a choice between change or the status quo, the public had nearly always chosen the status quo; thus, this lawmaker and others voted in favor of SB 1 in order to ensure "a choice between change."

The "BLT"

In late 1991, a bipartisan group of members of the House began to meet weekly to work on property tax relief and school finance reform.¹² The group was named the Bipartisan Legislative Team or "BLT."¹³ The unofficial group was comprised of six Republicans and six Democrats. The members of the BLT agreed on several basic goals surrounding property tax relief and school finance reform. The BLT met throughout

¹² Even prior to 1991, several members of this team met informally to work on these issues.

¹³ This name was coined by Representative William Keith (D).

1992 to devise a reform plan that could be implemented by the legislature. Interest groups from the education and business communities were invited to meet with the BLT in order to explain what they thought was wrong with the school finance system and to advance their own ideas for reform. They also solicited advice from staff members with expertise in taxation and school finance.

According to a Democratic member of the BLT:

The BLT message, which was for anybody who was willing to listen, especially the Governor, was: "we want to reckon with property taxes, but only if we also reckon with the overall issue, and larger issue, of the funding of public schools."

In early 1993, the BLT proposed a property tax relief and school finance reform plan that included a legislative increase in the income tax which voters could later replace with a hike in the sales tax. It is important to note that Governor Engler's own property tax reform proposals had not been accompanied by specific plans for restoring school funding lost as a result of property tax relief. And, until early 1993, the efforts of the BLT were discounted by Governor Engler.

When the Governor witnessed elements of the BLT plan being passed through bipartisan votes at the committee stage, he was now inspired to support the notion of accompanying property tax relief with replacement funding for the public schools. As noted by a Republican member of the BLT:

Our interest was really school finance reform. And fortunately, we were able to convince him [Engler] that this is a bigger issue than just property taxes.

When Governor Engler stepped in to take the lead on the issue, the BLT plan lost

support among House Republicans and died.¹⁴ Subsequent negotiations between the Governor and legislative leaders led to the Proposal A ballot issue of June 1993.

The BLT is relevant to the SB 1 policy crisis for several reasons. First, the BLT was committed to ensuring not only property tax relief but also adequate funding for the schools. Support for the BLT plan in the House demonstrated to the Governor that legislators from both parties were willing to vote for a property tax relief package that was coupled with a tax hike in order to ensure replacement funding for the schools. Second, members of the BLT had carefully studied the twin issues of property tax relief and school finance reform. They had solicited views and advice from interest groups and other experts. Thus, they went into the SB 1 policy crisis with a wealth of up-to-date knowledge about the issues at hand. Importantly, many members of the BLT served on the House Team of 14 which played an important role in resolving the SB 1 policy crisis (see Chapter Four).

THE ECONOMIC CONTEXT

A Favorable Economic Setting

Michigan's economy continued to improve throughout 1993 (e.g., motor vehicle sales were strong); and, by late 1993, the economic outlook for Michigan was generally positive (see Public Sector Consultants 1993a, 1993b, 1993c, 1993d). By late 1993, revenue collections for most of the state's major taxes posted significant gains over the previous year (ibid.). As noted by a veteran Michigan lawmaker, the favorable economy (reflected, in part, by strong state revenue growth) made it "psychologically easier" for

¹⁴ See Chapter Four for further discussion of this issue.

him and his colleagues to overhaul the school finance system and also ensure adequate replacement funding for the property tax revenue abolished by SB 1.

Property, Sales, and Income Tax Burdens

A number of statistical rankings indicated that Michigan's tax balance deviated significantly from the national average. In particular, there was a relatively heavy reliance on the property tax and a relatively low reliance on the sales tax.

In 1993, the property tax burden in Michigan was higher than in most other states.¹⁵ Property taxes in Michigan had been 25 percent higher per capita compared to the 15 most populous states and 33 percent higher per capita than the U.S. average. On the other hand, sales tax revenues were 30 percent lower per capita than both the 15 most populous states and the national average. Income taxes in Michigan were 25 percent higher per capita than in the 15 most populous states and 38 percent higher than the U.S. average.

When taxes are considered as a percentage of state and local taxes in 1990-91, Michigan ranked sixth highest in the nation on the property tax, collecting 42.4 percent of state and local taxes from the property tax.¹⁶ With regard to the sales tax, Michigan ranked forty-fourth in the nation in sales tax collections as a percentage of state and local revenue.¹⁷ Finally, when the individual income tax is considered as a portion of state

¹⁵ The following statistics were derived from Citizens Research Council (1990, 1991).

¹⁶ This and the following data are derived from Kleine (1993).

¹⁷ Sales tax gross receipts comprised 23.1 percent of state and local taxes.

and local taxes, Michigan ranked twenty-ninth in the nation.¹⁸

Kleine (1993: 5) notes that a major reason for Michigan's heavy reliance on the property tax prior to the 1993 reforms was the state's relatively small proportion of the funding for Michigan's schools. At that time, Michigan was providing about one-third of the public school revenue and only eight other state governments provided less (see Kleine 1993: 7). Local property tax revenue provided about two-thirds of the funding for Michigan's public schools. Federal revenue sources comprised less than five percent of total public school revenue.

The over-reliance on the property tax, the under-utilization of the sales tax, and a perception that voters generally favored a sales tax hike over an income tax hike led many lawmakers to favor an increase in the sales tax in order to recover much of the property tax revenue abolished by SB 1. It should be noted that although the sales and income taxes in Michigan are both flat taxes, some analysts view the sales tax as more regressive than the income tax.¹⁹ This was one reason why some lawmakers -- primarily Democrats -- favored a hike in the income tax over a sales tax increase to remedy the SB 1 policy crisis.²⁰

¹⁸Individual income tax revenues comprised 21.2 percent of state and local taxes.

¹⁹ An analysis that demonstrates the burdens of the two taxes on households of different incomes is found in Kleine and Rodney (1994).

²⁰Proponents of an income tax hike over a sales tax increase also argued that revenue from the income tax is more stable and less subject to fluctuations in the economy than the sales tax.

THE POLITICAL CONTEXT

The Governor

In 1990, John Engler, a Republican, won the governorship over the Democratic incumbent Jim Blanchard by fewer than 18,000 votes. Of 2.56 million votes cast, Engler garnered 49.8 percent to Blanchard's 49.1 percent. The most effective political commercials in the battle of attack ads between the two contenders were the "nickel ads" of the Engler campaign (Martin et al. 1991: 42). In these ads, the Engler campaign mockingly asserted that then-Governor Blanchard's property tax relief proposal amounted to roughly five cents of savings per week for each Michigan citizen.

Property tax relief had been Engler's most salient campaign promise in 1990 (see Weissert 1992). A failure to deliver on that promise was certain to be seized upon by his opponent in the 1994 election campaign. The Governor put his prestige on the line in supporting both the "cut and cap" ballot proposal in November 1992 and the June 1993 property tax ballot measure. The latter measure, which would have provided for both property tax relief and school finance reform, reflected a significant change in policy for a governor who had previously focused on providing only property tax relief.²¹ By August 1993 -- when Engler signed SB 1 into law -- time was running short for the Governor to deliver on his 1990 campaign promise.

The Legislature, the 1994 Elections, and the Politics of Taxation Policy

The upcoming November 1994 elections would determine the occupants of all of

²¹See Chapter Four for further discussion of this change in position on the part of the Governor.

the seats in the legislature.²² In this context, Senate Republicans were mindful of the 1983 fate of two Democratic former senators -- one from northern Macomb county and one from northern Oakland county. Upon voting in favor of then-Governor Blanchard's 38 percent increase in the state income tax in order to take care of a \$1 billion budget deficit, the two senators were removed from office through recall elections. Since the recalls, the Republicans have enjoyed control of the Senate and an anti-tax faction has been a visible part of the chamber. During the SB 1 policy crisis, Senate Republicans voiced opposition to any tax increase, favored a tax cut, and originally called for \$1 billion in budget cuts to help finance the schools. Democratic lawmakers were determined to ensure that if they had to go on record as voting for tax hikes to replace the property taxes eliminated by SB 1, so, too, would Republican lawmakers.

Of course, no elected official planning on another term in office desires to approve new taxes close to an election campaign (or at any other time). With regard to taxes, a House Democrat aptly expressed: "the vote to eliminate is much easier than the vote to restore."²³ The process of securing passage of SB 1 to eliminate 65 percent of the property taxes in Michigan ran much more smoothly than the process of securing replacement funds for the lost revenue. In the end, legislators left the final choice between two plans -- one based on an income tax hike, the other on an increase in the sales tax and a tiny decrease in the income tax -- up to the voters, leading the same

²² The terms of office for Michigan legislators are two years for House members and four years for senators.

²³ This comment was made by Representative Dianne Byrum, D-Holt (now a state senator) at a public forum on the school finance reform package arising out of the SB 1 policy crisis. The forum was held at the East Lansing Public Library on 3 January 1994.

House member to quip: "I raised your income tax and I lowered your income tax; I did both in one vote."²⁴

Party Control in the House and Senate

For the first time in many years, the Republican party enjoyed an almost complete majority in Michigan state government. The party controlled the state Senate by a margin of 22 to 16 and the House was evenly split at 55 Republican seats and 55 Democratic seats. An arrangement was designed whereby co-speakers and committee co-chairs alternated leadership control of the chamber every month. The Republicans controlled the House when SB 1 was approved in July 1993 and the Democrats controlled the House when the SB 1 policy crisis was resolved in December 1993. It is important to note that the Republican majority in the Senate fell short of the two-thirds vote that would be needed to place a sales tax measure on the ballot. And, of course, neither party had a two-thirds majority in the House.

RELEVANT PROVISIONS IN THE MICHIGAN CONSTITUTION

The Michigan Constitution and Education

The Michigan Constitution contains a number of general provisions regarding education. Two articles establish the importance of education and the responsibility of the state legislature to maintain a public school system:

Article VIII, Section 1: "Religion, morality and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged."

²⁴Ibid.

Article VIII, Section 2: "The legislature shall maintain and support a system of free public elementary and secondary schools as defined by law. Every school district shall provide for the education of its pupils without discrimination as to religion, creed, race, color or national origin."

Thus, during the SB 1 policy crisis, the legislature was not only politically inspired but also constitutionally required to ensure the viability of the public school system.

In this context, it is important to note that what *is not* present in the state constitution regarding public education is just as significant as *what is* stated. While the Michigan Constitution does prohibit discrimination on the basis of religion, creed, race, color or national origin, it *does not* prohibit discrimination in the provision of education on the basis of income. In other words, the document does not explicitly guarantee an equal education to all Michigan K-12 pupils, regardless of the prosperity of the community in which they live. Nor, at this time, does the U.S. Constitution. In a 5-4 decision in *San Antonio Independent School District v. Rodriguez*, 1973, the U.S. Supreme Court ruled that education is not a fundamental right that is guaranteed by the U.S. Constitution. It held that, since some students from low-income families lived in districts with wealthy property tax bases, no single, separate income group in Texas was discriminated against by the school finance system based on property taxes.²⁵

Based on these constitutional provisions, lawmakers addressing the SB 1 policy crisis were not required to devise a new system that reduced financial disparities across Michigan's school districts. Moreover, attempts to obtain judicial intervention to remedy

²⁵ In *Edgewood v. Kirby*, 1989, the Texas Supreme Court declared the system of school finance in Texas to be in violation of the state constitution.

the large disparities in per pupil revenue across Michigan's school districts, on the basis that they violate the equal protection clause of the state constitution, have been unsuccessful.²⁶ According to Kearney (1994), the prospects for judicial redress on the equity issue look dim unless the Michigan Constitution is amended. He observes: "[m]any argue that until the education clause in the Michigan constitution is strengthened, the chances of success in the courts is negligible" (Kearney 1994: 43, fn 20).

Finally, Article VIII, Section 2 prohibits public funding of nonpublic schools.²⁷ This constitutional prohibition on financial aid to nonpublic schools shaped the basic parameters of the charter schools law adopted in the midst of the policy crisis.²⁸

The Immediate Effect Rule

A provision in the Michigan Constitution regarding the effective date of laws also affected the 1993 reform process. Article IV, Section 27 of the Michigan Constitution states: "No act shall take effect until the expiration of 90 days from the end of the session at which it was passed, but the legislature may give immediate effect to acts by

²⁶ In *Milliken v. Green*, 1972, the Michigan Supreme Court (on 29 December 1972) declared in a 4-3 decision that the Michigan school finance system violated the equal protection clause of the state constitution. Two days later (on 1 January 1973), two justices were replaced by newly elected justices and the Court granted a re-hearing of the case. In December 1973, in *Milliken v. Green* 1973, the Court dismissed the lawsuit (it had been filed by Governor William Milliken and the state Attorney General) and vacated its decision. These cases and a similar case in 1984 - *East Jackson Schools vs. State* -- are discussed in Kearney (1994) and Addonizio et al. (1995).

²⁷ Another constitutional provision pertaining to education is found in Article IX, Section 11 which mandates a state School Aid Fund to which a portion of sales tax revenue must be dedicated.

²⁸Lawmakers and school reform advocates in favor of a repeal of the constitutional ban on public funding for private schools perceived limited support for such in the legislature and among the general public in 1993.

a two-thirds vote of the members elected to and serving in each house." This constitutional provision was largely responsible for the 31 December 1993 deadline by which to institute a new plan for financing public education in Michigan.

While this deadline was a goal set by lawmakers, and was not legal in nature, they were determined to meet it. If lawmakers had waited until 1994, they would have needed a two-thirds vote in both chambers of the legislature to agree on almost every bill in the reform package. Otherwise, any legislation passed would not take effect until 1995. It is important to note that the schools needed funds for the 1994-95 school year beginning in the fall of 1994.²⁹

Taxation Provisions

In 1993, Article IX, Section 8 of the Michigan Constitution limited the state sales tax to 4 percent. Thus, a change in the sales tax could occur only through a formal constitutional amendment ratified by the voters. An income tax increase, on the other hand, could be implemented by the legislature without voter approval.³⁰ Since a reform package was completed in 1993, the legislature needed a two-thirds vote only to place the sales tax before the voters in early 1994. Constitutional amendments proposed by the legislature must be agreed upon by two-thirds of the membership.

²⁹ Another justification for the 31 December deadline arose from concerns about potential lawsuits charging that the failure of the legislature to agree on a school finance plan threatened the schools, in violation of the legislature's constitutional obligation to provide public education. Further, failure to meet the deadline would have reinforced a petition drive on the part of the Michigan Education Association to repeal the 1993 law (Public Act 145, widely referred to as "Senate Bill 1") that abolished property taxes for school operating expenses. This petition drive was cancelled when the legislature adopted an acceptable remedy to the SB 1 policy crisis.

³⁰The Michigan Constitution prohibits a progressive income tax, but the rate for the state income tax is not established in the document.

A second constitutional taxation provision relevant to the SB 1 policy crisis is found in the 1978 Headlee Amendment to the Michigan Constitution.³¹ A provision of this amendment limits growth in state tax revenue to the growth in personal income in the state. A formula stipulated by the amendment provides that state tax revenues cannot exceed 9.49 percent of the total personal income in Michigan. Since 1978, the state had never been very close to the ceiling. Exceeding the limit would require returning some tax revenue back to the taxpayers and, possibly, also budget cuts including cuts in school funding.³² This provision of the Headlee amendment led lawmakers to partially reinstate the local property tax as a source of school funding.³³

Finally, Article IX, Section 3 of the Michigan Constitution contains the

³¹Other provisions of the Headlee Amendment which continue to affect school funding after the 1993 reforms include a limitation on property tax revenue within a school district. See Chapter Seven.

³² When the Headlee limit is exceeded by 1 percent or more, the excess revenues are to be refunded pro rata based on tax returns filed following the close of the fiscal year. If the excess revenue is less than 1 percent, the excess may be transferred to the State Budget Stabilization Fund (the "Rainy Day Fund"). However, the Headlee amendment also states that if the responsibility for funding a program or programs is transferred between governmental levels, as a consequence of constitutional amendment, the state revenue limits may be adjusted to accommodate such change (provided that the total revenue authorized for collection by state and local governments does not exceed the amount that would have been authorized without the change). The limit may be exceeded when the legislature, at the request of the governor, declares an emergency by a two-thirds vote in each chamber. See Article IX, Sections 26, 27 of the Michigan Constitution. Due to state revenue growth beyond the parameters set by Headlee, Michigan taxpayers were scheduled for a two percent reduction on their 1995 tax returns.

³³It should be noted here that Article IX, Section 30 of the Michigan Constitution states that "[t]he proportion of total state spending paid to all units of Local Government, taken as a group, shall not be reduced below that proportion in effect in fiscal year 1978-79." Thus, shifting the bulk of responsibility for funding the schools to the state level relieved the burden of another constitutional provision that requires that state spending paid to local governments not fall below a certain level.

"uniformity clause." This section of the document requires that tax rates be uniform across different classes of property; i.e., different tax rates cannot be levied on different classes of property. As indicated later in Chapter Seven, the 1993 school finance reform package passed by the legislature violated the uniformity principle. Thus, the language for the school finance reform plan on the ballot in March 1994 -- Proposal A -- explicitly held school operating millage exempt from the uniform taxation requirement.³⁴

CONCLUSION

The passage of SB 1 -- a bill that eliminated over \$6.5 billion in school funding - - was perhaps incredible, but not inexplicable. A series of events and conditions spanning two decades culminated in the SB 1 policy crisis. Citizens in Michigan had been vocal in their frustrations over the state's heavy property tax burden, yet they rejected repeated ballot measures designed to ease that burden. In addition, citizens in less wealthy school districts decried the vast funding disparities across Michigan's school districts. The deficiencies of Michigan's school finance system were made known to the entire nation when the Kalkaska school district shut down months early due to a lack of sufficient funds.

On the political front, Governor Engler had narrowly defeated an incumbent to gain office in 1990. By mid-1993, Engler's 1994 re-election campaign was fast approaching but he had yet to deliver on the property tax relief he had promised to voters in 1990. A favorable economic setting in 1993 enhanced the prospects for meaningful

³⁴ Had the ballot plan failed, the property tax rate disparities in the statutory "back-up" plan would have rendered it vulnerable to lawsuits based on the uniformity clause.

school finance reform based on changes in the state's tax system. Further, a bipartisan group of legislators had previously demonstrated expertise and agreement on the twin issues of property tax relief and school finance reform. Once these issues were placed at the top of the policy agenda by the legislatively-induced crisis, several constitutional factors shaped the reform process. All of these conditions are important for understanding the context of the SB 1 case.

Having now delineated relevant contextual factors surrounding the SB 1 policy crisis, in the next chapter I define the concept of "policy crisis" and apply it to the SB 1 case.

Chapter Three

The Policy Crisis

INTRODUCTION

While the policymaking literature contains scattered references to "crises," little attention has been given to conceptualizing the term in a concrete manner that permits systematic research of policy crises and their implications for policymaking. The analysis of "policy crisis" presented in this chapter is meant to address this gap. The chapter begins with a review of the research literature defining and explaining the importance of policy crises. Next, two Key Points are outlined and illustrated using the Michigan school finance reform case. The first point highlights how policy crises are fundamentally defined by policymakers, while the second posits an imperative to act and a restricted time frame for action during a policy crisis.

THE CONCEPT OF "POLICY CRISIS"

Neither in everyday use nor in the policymaking literature does one find consensus on the meaning of the concept "crisis." A situation characterized as a "crisis" by one person may be perceived by another as merely a "problem." The lack of consensus on the meaning of crisis belies the significance of the term in the policymaking realm. The existence of a crisis in a given policy area has important ramifications for the policymaking process. Indeed, Dror (1994: 19) asserts that

[C]risis conditions constitute an important mode of policy making, which must be addressed by advanced policy scientists. This is all the more important when simple conceptions of crisis management as aiming at restoration

of the status quo ante are rejected...even more so when crisis instigation is recognized as sometimes a preferable policy-making modality.

Edwards and Sharkansky (1978: 104-05) note that a crisis can elevate an issue to a choice spot on the policy agenda. Loomis (1994: 92), echoes this observation, stating that "[d]efining an issue as a crisis is a potent weapon in setting the policy agenda." Light (1991: 162-63) highlights crises as crucial factors in presidential agenda-setting. From Kingdon's (1995: 94-100) perspective, crises are "focusing events" that capture the attention of policymakers. Kiewe (1994: xvii) asserts that crisis rhetoric is initiated by decision makers in an attempt to communicate that a certain situation is critical and to suggest a certain course of action to remedy the situation.¹ Similarly, Mezey (1989: 148) explains: "government action is more likely to occur when the political system is confronted with an extraordinary policy problem. Proceeding on this assumption, political leaders often use the word 'crisis' as they attempt to spur their colleagues to action."

Due to the effects of a crisis on policymaking, advocates of policy change may attempt to convince policymakers to accept the notion that a particular policy area is in crisis (see Cobb and Elder 1972; Polsby 1984; Mezey 1989; Henig 1994; Kiewe 1994; Mintrom 1994; Rochefort and Cobb 1994). This point is examined more closely in Chapters Six and Seven where I discuss the effects of a policy crisis on policy outcomes.

Hermann (1969) provides a useful examination of the crisis concept. He has

¹ The case studies of nine presidents and their crisis rhetoric found in Kiewe's book provide an interesting examination of crisis as a rhetorical construct in different contexts.

devised a definition of crisis which has some degree of explanatory and predictive power. In the following discussion, I draw from Hermann's work to provide a general overview of the crisis concept as it pertains to policymaking.

The term "crisis" comes from the Greek word "krinein," meaning "to separate." Hence, one might define a crisis as a turning point in some human activity. "When understood as a turning point, crisis is associated with sudden or rapid change" (Hermann 1969: 21). Instead of viewing a crisis as that which constitutes change itself, one might view a crisis as a situation which triggers change. Writing on crises and arms control, Wiener and Kahn (1962: 8-9) contend that a crisis exists when policymakers *perceive* it to be critical turning point, regardless of whether a sharp change actually occurs or not. According to the concept of policy crisis developed in this dissertation, questions as to whether outside observers agree that a given situation actually constitutes a policy crisis, or whether post-hoc analysis of the situation indicates the actual existence of a crisis, are less important than whether the policymakers involved in the situation agree, at that time, that a policy crisis exists. I expand on this point in my discussion of Key Point 1.1 later in this chapter.

There are several drawbacks to viewing a crisis as merely a turning point. This definition indicates *where*, in a temporal or space dimension, a crisis occurs; but it fails to explain *what* constitutes a crisis. Hermann (1969: 27) asserts that "[e]ven when we specify in which variable an abrupt change becomes a crisis, our definition does not suggest *why* the turning point transpires." In the Michigan case, it is indeed significant that the policy crisis in school finance marked a turning point in the history of that policy

area. However, the story of "why" and "how" this phenomenon occurred are critical questions that must be answered if we are to develop anything like a theory of crisis policymaking.

An expanded definition of crisis is based on certain characteristics of a situation, or traits of the entity that experiences the situation (Hermann 1969: 24). This definition is "especially valuable when studying internal processes by which policies are formed" (Hermann 1969: 29). Hence, we can conceptualize the policy crisis as a scenario for policymaking. In subsequent chapters of the dissertation, I demonstrate that policymaker acknowledgment of a policy crisis has important ramifications for the dynamics and outcomes of policymaking.

Hermann (1969: 29-36) defines crisis in terms of three situational characteristics that are hypothesized to have certain effects on foreign policy decisionmaking; however, his definition is largely applicable to policy crises in the domestic policy arena as well. Hermann's (1969: 29) first situational attribute of a crisis is a threat to the high-priority goals of the decision-making unit. There is "a potential hindrance or obstruction to some object or state of affairs that a decision-making unit is motivated to achieve" (ibid.). The perception of threat occurs when policymakers "recognize that achievement of their goal or objective can be impeded or entirely obstructed" (ibid.). I have incorporated this crisis attribute into Key Point 1.1, which I discuss and relate to the Michigan case later in this chapter.

The second situational attribute of Hermann's crisis framework is short decision time: "in a restricted period of time the situation will be altered in some major way"

(Hermann 1969: 30). In this respect, Polsby's (1984) definition of crisis is similar to that of Hermann. Polsby (1984: 168) states that "[c]rises may be regarded as situations defined by decision-makers for whatever reasons, but frequently as a response to some notable, well-publicized exogenous event, as demanding quick decisions." Polsby emphasizes the time dimension, adding that crises "are characterized by short elapsed time between identification of a 'problem' and enactment of a measure to meet the problem" (ibid.). As indicated later in the chapter, the notion of a restricted time-frame for action is reflected in Key Point 1.2.

Hermann's third situational attribute of a crisis is surprise. He notes that established procedures are often absent in situations with the unanticipated qualities of surprise (31). However, he notes that this is not always the case: "[s]urprise is defined, not as the lack of a programmed routine, but as the absence of awareness on the part of policy makers that the situation is likely to occur" (ibid.). The level of policymaker surprise with regard to a policy crisis may be higher in the foreign policy arena than in domestic policy because it may be more difficult for policymakers to predict a foreign policy crisis. History has demonstrated that US policymakers are often unable to predict the actions of other international actors.

Depending upon the policy area in question and the origin of the crisis, policy crises in the domestic policy arena may involve higher or lower levels of surprise on the part of policymakers. For example, current members of Congress are likely to be less surprised by a policy crisis in the Medicare system than by a crisis in the interstate highway system. In addition, a court-imposed crisis is likely to come with some advance

warning by virtue of the fact that policymakers can observe that a case is pending in court. Alternatively, a policy crisis that results from a natural or accidental disaster, such as an earthquake or the acts of terrorists, is likely to take policymakers by surprise.

Hermann's (1969: 33-34) three-pronged definition is particularly useful for my research objectives since it is formulated from the perspective of the policymakers who experience the crisis: "the situation threatens *their* goals, it surprises *them*, and it is *they* who are faced with short decision time." The tenet that a crisis is defined according to how policymakers interpret a given situation is central to my conceptualization of the policy crisis. An exogenous crisis is much more likely to involve an element of surprise than a crisis that is endogenously induced. Endogenous policy crises are created by policymakers themselves; therefore, by definition, the surprise element is limited in such cases. The Key Points I advance do not explicitly include surprise as a characteristic of a policy crisis (however, I do discuss surprise in the Michigan case later in the chapter).

The term "crisis" might be viewed as synonymous with the term "emergency," and Lipsky and Smith (1989) have examined the ramifications of treating social problems as emergencies. They define an emergency as "a state of affairs recognized by relevant publics and authorities, consisting of a life-threatening or system-threatening condition of recent onset or severity about which there is a general belief that something can and should be done" (Lipsky and Smith 1989: 8). This definition of "emergency" does not explicitly incorporate the notion of surprise and lends itself nicely to my conceptualization of an endogenous policy crisis.

There is very little systematic, focused research on domestic policy crises and

their implications for the policymaking process.² Dror (1994: 11) asserts that contemporary policy studies "grossly neglect" situations, including crises, where critical possibilities are suddenly opened up for a limited time. Much of the literature on policy crises is focused on foreign policy crises (e.g., Hermann 1969, 1972; Janis 1982; Kiewe 1994; Kennedy 1971; Allison 1971). The literature on foreign policy crises offers valuable insights. However, foreign policymaking processes differ from domestic policymaking processes, and the research on foreign policy crises tends to focus on the role of the president in crisis management and resolution.

Over 200 years of US diplomatic history have clearly established that "the captain of the ship of state is the president" (Crabb and Holt 1992: 297). Students of the presidency, Congress, and international relations agree that responsibility for resolving US foreign policy crises rests primarily with the president (e.g., Lindsay 1994; Thomas et al. 1994; Spitzer 1993; Destler 1980; Corwin 1957). This responsibility is rooted in several factors, including: the inefficiency inherent in a legislative body of 535 individuals and the need for quick action and careful signaling during a foreign policy crisis, the fact that foreign policy expertise in the US system of government is largely based in the executive branch (e.g., the State Department, the Pentagon, the Central Intelligence Agency), and the desire of Congress to avoid blame for critical US foreign policy decisions (on the last point, see Prober 1990). Hence, during a foreign policy crisis, the legislative branch typically defers to the president and his experts in the

² Paul Light's (1985; 1995) work on the Social Security crisis of 1982-83 is a notable exception.

executive branch.³

In contrast to studies of foreign policy crises which emphasize the role of the president, my study of the Michigan case permits a closer examination of the dynamics of the legislative process under "crisis" conditions. Members of the legislative branch are less likely to defer to the executive branch during a domestic policy crisis than during a foreign policy crisis. One reason for this state of affairs is that the expertise advantage of the presidency in the arena of foreign policy is not apparent in the case of domestic policy. In the domestic policy arena, the resources of Congress are well matched to those of the executive branch. Second, during foreign policy crises, the public typically rallies around the president (see Mueller 1970); however, during a domestic policy crisis, members of Congress may sense pressure from constituents to do something about the situation. Further, in the face of public discontent over a domestic policy crisis, legislators may be less able to plausibly "pass the buck" to the president than in the case of a foreign policy crisis.

Light's work (1985, 1995) on the Social Security rescue of 1983 is the most comprehensive study of the dynamics of the policymaking process in the face of a domestic policy crisis to be found in the political science literature. Other work on

³ It should be noted that Congress may comfortably defer to the president as long as the foreign policy crisis is satisfactorily resolved within an acceptable time frame (e.g., the 1983 invasion of Grenada and the 1990-91 crisis in the Persian Gulf). However, during foreign policy crises which drag on and generate negative public opinion (e.g., the Vietnam War and the Iranian hostage crisis of 1979-80), Congress is likely to play a more active role in criticizing and seeking to limit the power of the president, and it may simultaneously advance its own measures for resolving the crisis. Further, as noted by Lindsay (1994: 153), "Congress may succeed in shaping crisis decision making if a president, for reasons of political expediency or philosophy, chooses to solicit their views or to request their authorization."

domestic policy crises has typically been in the form of book chapters on state-level issues such as education reform (e.g., Durning 1991) and the 1979 accident at the Three Mile Island nuclear power plant (Thornburgh 1991). These studies tend to emphasize the role of the governor during a policy crisis. The literature on school finance crises tends to be focused on court orders mandating that school finance systems be made more equitable and the policy outcomes which follow such orders.⁴ The political dynamics of the legislative process leading up to these policy outcomes are typically neglected.

IDENTIFYING A POLICY CRISIS

Lipsky and Smith (1989: 7) assert that "the most critical moments in the life cycle of an issue may well be the outcome over how it will be understood." Rochefort and Cobb (1994: 4) note that problem definition always has "major import for an issue's political standing and for the design of public solutions." As indicated earlier, a policy crisis is defined according to how policymakers interpret a given situation. In order for a policy crisis to exist, the majority of the lawmakers of a governing body must acknowledge such a crisis. Paul (1994) observes a "crisis-of-the-week environment" in American politics, in which "crises" vie for government attention. It is important to emphasize that *policymakers* determine whether a situation constitutes a policy crisis. Actors such as interest groups, journalists and academics might contend that a given situation has reached "crisis" status. However, crisis conditions of policymaking result only when lawmakers themselves agree that a situation constitutes a policy crisis. Light (1995: 13) characterizes Congress as a "crisis-activated" body that tends to act "only

⁴ Studies of this sort can be found in the *Journal of Education Finance*.

when some policy or political crisis is imminent and unavoidable." Given this observation, Light notes that difficulties arise when members of Congress cannot agree on whether a given situation constitutes a crisis:

What might be a serious crisis to Democrats may be little more than a passing storm to Republicans, and vice versa. What might be a pressing problem in the headlines may be little more than a slight disturbance on Capitol Hill. Thus the first step in solving a policy emergency is simply admitting that the emergency actually exists. (ibid.)

Types of Domestic Policy Crises

The domestic policy crises confronting lawmakers can be classified into four main types. The first three types of policy crises have their origins in forces exogenous to the legislature, while the fourth type of policy crisis is endogenously induced. First, domestic policy crises may result from natural or accidental-type disasters such as hurricanes, earthquakes, and droughts; or, plane crashes, oil spills and large-scale workplace accidents, such as fires or mining tragedies.⁵ Second, a policy crisis may occur due to disturbances to the social order such as riots or terrorist attacks.⁶ Third, the courts can initiate policy crises through rulings mandating that policymakers legislate a specific outcome such as greater equity in school funding across school districts or improvements in prison conditions. Finally, a policy crisis may originate from the actions or inaction of policymakers. Examples of this type of policy crisis include the Social Security crisis of 1982-1983 (see Light 1985, 1995), health care crises, budget crises, and Michigan's crisis in school finance.

⁵ On the last type, see Anderson (1994: 98-100).

⁶ E.g., see Rosenthal et al. (1989a).

It might be rather unusual for a legislature to abolish an entire funding mechanism for a policy area such as school finance without simultaneously providing for a new source of funding. However, endogenously induced policy crises may arise in more common cases. For example, policymakers may disagree on the magnitude of a policy problem; thus, the problem may escalate into a policy crisis due to policymaker neglect. Such neglect may result from a lack of political will to deal with a complex and controversial issue. As noted by Loomis (1994: 95), lawmakers wish to avoid conflict, "often at all costs." Second, a policy crisis might result from a flawed policy or as an unintended consequence of some existing policy.⁷ Finally, crisis conditions of policymaking might occur due to a legislative deadline, as in the case of the budget process or when legislation has a sunset provision. As defined in this dissertation, cases that are termed domestic policy crises are likely to have similar effects on the policymaking process regardless of their origin.

In this study, I build upon the contributions of previous work on crisis policymaking (most notably Light 1985, 1995) in order to increase our understanding of domestic policy crises and their implications for policymaking and policy change. Although I operate at the state level of analysis and my in-depth focus is on one state, the Michigan legislature is quite professionalized and similar in many ways to the legislatures of other larger states and to the US Congress. According to Polsby (1975), professionalization can be construed as an index which measures the extent to which a

⁷ For a discussion of unintended consequences of policies, see Edwards and Sharkansky (1978: 180-85).

state legislature is patterned after Congress with regard to: a.) salary, b.) staff, c.) time allowed for legislators to sit, and d.) resources for tasks such as the investigation of issues and bill drafting.⁸ Based on these criteria, the Michigan legislature ranks among the nation's most professionalized legislatures.⁹ In a study of professionalization levels among the 50 state legislatures, Squire (1992) ranks Michigan second only to New York.

High-Priority Objectives

There are countless situations that are characterized by some individuals as "crises" and are viewed by others as mere "problems." For example, some citizens view homelessness in the US as a crisis, others see it as a problem, and some citizens are not at all concerned about homelessness. In another instance, we might observe that some college students view receiving any grade less than an "A" as a crisis, while other college students regard such a situation as a problem, and yet another category of college students are not at all concerned about receiving grades below "A."

How does an individual decide whether or not a given situation is a crisis situation? For both of the above examples, we can explain the differences in the interpretation of each situation according to whether or not an individual perceives that the situation poses a threat to objectives which are highly valued by the individual. If a mother and her children are homeless, the mother may likely view homelessness as a crisis because an objective which she highly values -- the well-being of her children --

⁸ For additional discussions of legislative professionalization, see Squire 1988 and Grumm 1971.

⁹ According to Dye (1994: 180), the most professionalized state legislatures are: California, Illinois, Massachusetts, Michigan, New York, Ohio, Pennsylvania, and Wisconsin. In each case, lawmakers receive relatively high pay, serve full-time, and have substantial staff resources.

is threatened by the state of being homeless. Similarly, an activist for the homeless who holds a strong belief that all citizens should have adequate shelter is likely to view homelessness as a crisis. Alternatively, if a college student strongly desires to enter a premier graduate school, a course grade below the level of "A" may threaten that student's chances for admission to the graduate institution; thus, such a grade may be viewed as a crisis on the part of the student. When a situation poses a threat to the high-priority objectives of an individual, he is apt to view that situation as a crisis.

Similar to the examples cited above, a given situation might be regarded by some lawmakers as a "policy crisis" while other lawmakers might view the situation as a "policy problem," and yet another category of lawmakers might view the situation as a case for which the legislature has no responsibility. The question for my purposes here is: How do policymakers determine whether a policy crisis exists? As implied above, in order for a lawmaker to acknowledge a policy crisis, she must perceive that a given situation threatens one or more of her highly valued objectives. However, legislative institutions in the US operate according to majority rule, and crisis conditions of policymaking do not result when just one lawmaker perceives that her high-priority objectives are threatened. Thus, I contend that when a *majority* of the policymakers in a governing body perceive threats to their high-priority objectives, there is likely to be consensus that a policy crisis exists.

Fenno (1973) identifies three basic objectives espoused by members of Congress: reelection, influence within the institution, and good public policy. Reelection is fundamental since it is a necessary condition for the achievement of the other high-

priority objectives held by lawmakers (Mayhew 1974: 16-17). Rohde (1992: 29) notes that electoral forces are an important -- if not the most important -- influence on legislative decisionmaking. Other students of Congress have similarly identified reelection as a high-priority objective for most lawmakers (e.g., Jacobson 1992; Mayhew 1974; Arnold 1990; and, Kingdon 1989). Even typically safe incumbent lawmakers are plagued by fears of losing election and inspired by worst-case scenarios at the ballot box (Jacobson 1992; Weissberg 1979; Fenno 1978; Mayhew 1974; Kingdon 1966). Jacobson (1992: 202) points out that reelection is worth the effort only because it permits lawmakers to pursue the second and third goals identified by Fenno.

In order to achieve reelection, lawmakers must satisfy constituents. Thus, they desire to appear credible before their constituents. As discussed later in the chapter, lawmakers perceive incentives to portray both institutional and individual credibility before their constituents. Members of a legislature seek to maintain credibility not only in the eyes of their constituents but also before their colleagues. Kingdon (1989) writes about the importance of credibility for members Congress. He notes: "If a member with some credibility and standing among his followers offers an amendment, it stands a better chance than if someone who does not have their respect offers it" (84). In order for lawmakers to achieve the three objectives highlighted by Fenno -- reelection, influence, and passing good public policy -- they need to have credibility, and their constituents need to be satisfied with their performance in office.

A policy crisis, by definition, poses a threat to all three of the goals delineated by Fenno. If lawmakers fail to resolve the crisis to the satisfaction of their constituents,

they face electoral defeat by challenger candidates who will surely seek to capitalize on this failure. Threats to a lawmaker's reelection chances obviously threaten the goals of influence and good public policy. Further, individual lawmakers who fail to manage a policy crisis successfully in the eyes of their colleagues, even if they achieve reelection, may lose influence within the legislature as a result of their conduct during the crisis. Finally, policy crises monopolize the policy agenda until they are resolved (see Walker 1977: 426; Kingdon 1995: 96); thus, until a remedy is found, a policy crisis thwarts the lawmaker's high-priority objective of passing good public policy in other policy areas.

Depending upon the nature of the policy crisis at hand, threats may be posed to different specific high-priority objectives of lawmakers. However, all policy crises are likely to pose threats to the same basic set of interrelated high-priority objectives for lawmakers: a.) reelection, b.) policymaking that satisfies constituents, and c.) credibility.

An Imperative to Act

As indicated in the definition of "emergency" by Lipsky and Smith (1989: 9), a crisis situation is characterized by "a general belief that something can and should be done" to address the situation. Rochefort and Cobb (1994: 21) contend that a crisis "denotes a special condition of severity where corrective action is long overdue and dire circumstances exist." Kingdon (1995: 96) points out that crisis events can "demand some sort of action so clearly that even inaction is a decision." Rosenthal et al. (1989b) state that crises require critical decisions under conditions of time pressure. As noted earlier, Hermann (1969) and Polsby (1984) also emphasize that policy crises are addressed within

a restricted time frame. When the high-priority objectives of lawmakers are threatened, they will be motivated not only to act to remove such threats but to act *quickly*.

When a high-priority objective of an individual is threatened, she will take immediate action to remove those threats. In the case of a policy crisis, the threats to the high-priority objectives of policymakers prompt them to take speedy action to address the crisis and thereby remove the distressing threats to their highly valued objectives. If action is not swift, threats to the high-priority objectives of lawmakers can intensify and ultimately evolve into a situation in which the achievement of those objectives is inhibited or blocked. Hence, a key characteristic of a policy crisis is that policymakers recognize an urgent need to act to protect their most valued objectives.

Both endogenous policy crises (e.g., the SB 1 policy crisis discussed in this dissertation) and exogenous policy crises (e.g., court-imposed crises, accidental disasters) are likely to involve an urgent need to act within a restricted time frame. Courts often impose a deadline by which some mandated action must be implemented. Cases in other states in which courts have ruled school finance systems unconstitutional are similar to the SB 1 case in that the school finance system has been "thrown out" in both instances. In this context, it is instructive to note that court-imposed crises are likely to involve restrictions not only on the time frame in which to act but also on the policy options available to policymakers. Policymakers facing court-imposed policy crises are often forced to choose from a limited range of policy options in order to produce a court-mandate outcome. In the case of a crisis caused by a natural or accidental disaster, prompt action is required to alleviate pain and suffering on the part of the affected

parties. Furthermore, policymakers will be motivated to act with urgency in order to prevent a multiplication of problems stemming from the disaster at hand, as well as a repeat of such problems in future similar cases.

Policymakers and Declarations of Policy Crises

Mezey (1989: 148) cites President Carter's declaration of an "energy crisis" as a presidential pronouncement after which "nothing much happened." Carter's high-priority objectives included energy conservation and favorable public approval ratings. Despite symbolic gestures such as addressing the nation sporting a cardigan sweater -- in order to encourage Americans to conserve energy by setting their home thermostats lower -- Carter failed to engender widespread public demand for legislation aimed at energy conservation. In turn, the failure of a sufficient number of policymakers to recognize an energy crisis meant that crisis conditions of policymaking did not ensue. A Carter aide stated that "the legislation was unpopular in Congress, and almost universally rejected by the public. After three years of the moral equivalent of war, the program hadn't moved" (quoted in Light 1991: 163). However, two focusing events of a crisis nature -- gas lines in the summer of 1979 and the Iranian oil embargo in November 1979 -- "generated a wave of support" for Carter's energy plan and subsequent legislative action in early 1980 (Light 1991: 163).

During the first two years of the Clinton Administration, President Clinton and others asserted that the US health care system was in a crisis state. However, Republicans disputed this characterization, and Democratic Senator Daniel P. Moynihan asserted that "we don't have a health care crisis in this country" (Rochefort and Cobb

1994: 22).¹⁰ As in the first three years of the energy case discussed above, lawmakers did not perceive that the condition of the health care system sufficiently threatened their high-priority objectives to compel a policy response. While public opinion polls indicated that the public favored improvements in the health care system, the public often signalled conflicting goals (e.g., see Taylor 1994a), and was confused about Clinton's plan for health care reform (e.g., see Jacobs and Shapiro 1994). Hence, lawmakers could not discern politically acceptable reforms for a highly controversial and complex policy area, and they failed to reach consensus on the existence of a policy crisis. In this case, assertions of a health care "crisis" did not result in the conditions of crisis policymaking and the crisis-induced policy changes that are highlighted later in this dissertation. Despite public opinion polls indicating that the public viewed the US health care system to be in a crisis state, and plentiful feature stories in the mass media on the plight of individuals plagued by their own personal health care crises, lawmakers in Congress failed to perceive a policy crisis that demanded an immediate legislative remedy.¹¹

Two Key Points flow from the preceding analysis of the literature on policy crises and address Research Question 1: What is a policy crisis?

Key Point 1.1: *Policymakers ultimately decide whether or not a policy crisis exists. When a majority of policymakers perceive that a situation*

¹⁰ Moynihan later rescinded the comment. Rochefort and Cobb (1994: 22) note that Moynihan did, however, believe that a "welfare crisis" existed. Interestingly, during the events immediately preceding the Social Security policy crisis of 1982-83, Moynihan had charged that "there is no crisis in social security" (Light 1995: 127).

¹¹ In a February 1994 Harris Poll of US citizens, 84 percent of respondents agreed with the statement "There is a health care crisis" (Taylor 1994b).

threatens their high-priority objectives, there is likely to be consensus that a policy crisis exists.

Key Point 1.2: *A policy crisis creates an urgent need for policymakers to act within a restricted time-frame.*

A "policy crisis," as defined in this dissertation, pertains to a crisis situation recognized by a majority of the policymakers in a governing body as threatening to their high-priority objectives; therefore, members of the governing body will sense an urgent need to act to remedy the situation. Since the negative effects of a policy crisis are likely to worsen over time, lawmakers are motivated to eliminate policy crises rapidly. In the next section of the chapter, I discuss each of the above points in the context of the SB 1 policy crisis that is the focus of this dissertation.

THE SENATE BILL 1 POLICY CRISIS

The SB 1 Policy Crisis and High-Priority Objectives

In the Michigan case, SB 1 initiated a policy crisis. The passage of SB 1 marked an important turning point in the history of policymaking for Michigan's public schools, and policymakers behaved as if a policy crisis was at hand. The SB 1 policy crisis posed a threat to several high-priority objectives of policymakers: a.) satisfying constituents by ensuring the viability of the public school system, b.) ensuring both individual and institutional credibility, and c.) reelection. The objectives are obviously interrelated, with electoral concerns being the chief objective for most lawmakers. Their chances of reelection would of course be enhanced if the schools were adequately funded and their constituents viewed them as credible. Below, I discuss each of these high-priority

objectives.

Concerns about the schools From my interviews, I learned that ensuring the viability of the public school system was a high-priority objective for most legislators -- not only for reasons of political self-interest but also due to personal regard for the public school system. Several legislators were former teachers; almost every legislator was acquainted with numerous school personnel such as school board members, superintendents and teachers; and, most legislators had children who were either attending or had graduated from public schools. Senate Bill 1 abolished \$6.5 billion in school property taxes and did not make provision for how those funds would be replaced in time for the start of the following academic year. As expressed by one of the veteran legislators who told me that they had been concerned about the public schools, the passage of SB 1 was "putting a gun at the head of the kids and jeopardizing the education program." Another legislator explained:

[W]e obviously had to fund our schools because, number one, that's part of our state constitution. Number two, we all know how incredibly important it is to educate children. So, you know, I was pretty confident we'd come up with something, even from a perspective of a first-term legislator.

Credibility concerns When the House of Representatives considered SB 1, members rejected a proposed amendment that provided for returning to the old property tax system if the legislature did not have an alternative plan in place by 31 January 1994. Technically, returning to the status quo ante SB 1 remained an option available to policymakers. They could have voted to repeal SB 1 and thereby ended the crisis. However, in my interviews with legislators, I learned that concerns about credibility had

rendered this option unfeasible. Given that a majority of legislators had publicly voted in favor of SB 1, a repeal of that act would have been politically embarrassing. Lawmakers would not only be reneging on their commitment to address property tax relief and school finance reform; in effect, a repeal would have signalled to the electorate that the legislature was incapable of addressing a policy crisis that it had created in the first place.

There were two types of credibility considerations that emerged from the interviews. The first type of concern, *individual credibility*, pertained to a legislator's own image before her constituents. The second type of credibility concern, *institutional credibility*, pertained to the public image of the legislature as a competent governing body. A legislator who had voted against SB 1 spoke about the concerns of lawmakers regarding individual credibility:

[T]he longer we got into it, as we got into December, the more desperate people were to try and get it through so this wouldn't be an embarrassment. The problem with going back [is that] it would have been a humiliation to so many legislators themselves. They said privately they wish[ed] they hadn't done that. They said "God, I wish we could go back." But publicly, they would have egg on their face. Debbie Stabenow...the Governor, you had too many egos. You couldn't go back and face the public after the advocacy and posturing they had done.

A legislator who had voted in favor of SB 1 noted that if the legislature had failed to address the policy crisis, this would have required him to vote in favor of repealing SB 1, in order to restore the eliminated property taxes, and thereby harm his credibility in the eyes of his constituents. Legislators were aware of the political implications if they failed to resolve the policy crisis and were forced to repeal SB 1, as expressed by the following:

[T]his created a programmatic crisis as well as a political crisis, because, gees, I mean do you want to be the legislator who voted to restore all those property taxes and pay the price at the ballot box?

Both Republican and Democratic legislators had also been concerned about the credibility of the Michigan legislature as an institution. There had been discussion within the Democratic caucus regarding the political incentive to thwart a policy remedy to the SB 1 policy crisis. This option is covered later in the chapter. For the purposes of this discussion, it is important to note that such an option had several drawbacks, including conveying a negative impression of the legislature to the public. A leading Democratic legislator discussed the issue in terms of institutional credibility:

[M]y fear was that even though it would not have been a negative for Democrats if it had failed, because it would have been more of a negative for the Governor than anyone else, that as an institution we would have given up all credibility....the legislature would have, in essence, thrown up its hands and said "Oh yeah, we created a problem, but we can't solve it. And that the only thing we *can* do is create problems." I think that's the impression that I was worried we would come away creating. And I remember near fist fights in the Capitol with some of my colleagues who preferred the political solution of no solution. And, you know, fortunately there were enough others who wanted a resolution to, I think, save the credibility of the institution.

Electoral concerns Most legislators involved in the 1993 policy crisis created by SB 1 had desired re-election in 1994. Indeed, nearly 70 percent of the 1993 Senate incumbents and over 85 percent of the 1993 House incumbents ran for re-election in 1994. Of the total number of incumbent legislators in the Michigan Legislature in 1993, 81 percent sought re-election in 1994. If these legislators had failed to achieve the high-

priority objectives of ensuring the viability of the schools and maintaining credibility, the highest priority objective for the majority of them -- electoral success -- would have been seriously threatened. Every legislator had public schools within his or her district and was aware that jeopardizing the viability of the public schools would certainly create voter anger. The following excerpts from my interviews with both Democratic and Republican legislators illustrate the bipartisan recognition that SB 1 threatened the high-priority objective of remaining in office:

[W]e were all facing an election and no politician in their right mind will go into a primary season and not have the schools open. It doesn't matter your party affiliation at that point, you're not going to be re-elected.

[W]e all had to...stand for election -- those that were running for re-election....and if nothing were done... you would have really been in big trouble, you know, personally.

So I told people: "Yes there's a crisis, but you mean to tell me that the Governor and 148 legislators are going to be running for re-election in the fall of 1994 having the schools closed because we have no school financing system?"

Regardless of what we did, we knew the schools were going to open up in September. Otherwise we were all gonna get recalled.

The SB 1 Policy Crisis and Urgent Action

When Governor Engler signed SB 1 in August 1993, over \$6.5 billion in school funding had been eliminated and no one knew how the schools would be funded for the 1994-95 academic year. There were several key factors prompting policymakers to act swiftly. One factor pertained directly to the policy crisis itself -- the fact that funding

for the schools was in jeopardy. Senate Bill 1 provoked genuine concern in the education community over whether adequate school funding, let alone funding at current levels, would be available by the start of the 1994-95 school year. Public school administrators found themselves unable to plan for the next year. The impetus for speedy action also resulted from the following set of interrelated factors: a constitutional rule regarding legislative procedure, the politics of taxation policy, and the upcoming 1994 election campaigns. Each of these factors is discussed below.

Ensuring school funding Since legislators did not want to be responsible for bankrupting the public schools, a solution needed to be reached in time to ensure that the schools would be adequately funded at the opening of the 1994-95 academic year. Any new taxing mechanisms had to be implemented promptly in order to ensure the timely collection of school operating revenues. For example, policymakers were considering a sales tax increase as a primary means of funding the schools. Since the sales tax rate was set in the Michigan Constitution, an increase required an amendment to the state constitution. A constitutional amendment proposed in the legislature must be agreed to by a two-thirds majority in each chamber. It must then be approved by the voters; however, the measure may not be submitted to the voters until at least 60 days after its passage in the legislature. If the voters approve the amendment, it takes effect at the end of 45 days after the date of the election at which it was approved. Thus, policymakers needed to be cognizant of the lag period between policy adoption and policy implementation in this case.

The immediate effect rule As noted in Chapter Two, lawmakers faced an

incentive to act prior to 31 December 1993 due to a constitutional provision regarding the effective date of legislation. According to the Michigan Constitution, unless a law is given "immediate effect" by a two-thirds vote in each chamber of the legislature, it may not take effect prior to 90 days after the end of the session at which it was passed. Thus, any bills passed by a simple majority vote in 1993 could take effect 90 days after the end of the 1993 session. If the legislature had waited until 1994 to address the crisis, the school revenue replacement bills would have had to pass by a two-thirds vote in both chambers in order to take immediate effect. Otherwise, passage by merely simple majority vote in 1994 would have been inadequate since such legislation could not take effect until 90 days after the close of the 1994 session -- too late for the start of the 1994-95 academic year.

Aside from repealing SB 1 or securing extraordinary majorities for new tax measures in 1994, there was another option that legislators were willing to consider. The legislature could have passed a reform plan in January 1994 and adjourned sine die immediately thereafter. The reform bills would then have taken effect 90 days after adjournment. Since the state constitution permits the governor to call the legislature back into special session at his discretion, albeit to consider only the bills he wants taken up, other legislative business could still have been conducted in 1994. However, Democratic legislators were not eager to turn over strict control of the legislative agenda for an entire year to Governor Engler, a Republican. Further, Republican lawmakers recognized the drawbacks of this third option in terms of institutional credibility. While adjourning early might have been a reasonable option in terms of logistics, the public might have

frowned upon the use of this procedural maneuver. A Republican legislator suggested that constituents might have been confused by an early adjournment, and could have viewed it as a case of legislators shirking their legislative duties.

A few of the legislators I spoke with suggested that if a reform package had not been agreed upon in 1993, they would have found a way to get it done in 1994. However, most legislators said that they had viewed the situation as one of urgency because they had envisioned difficulty in securing a reform package in 1994. It is important to note that if the matter was not resolved in 1993, Michigan legislators would have had a limited number of unpleasant options from which to choose. First, they could have repealed SB 1 and faced the political consequences discussed earlier. Second, they could have voted for taxes (and/or dramatic cuts in other policy areas) during an abbreviated 1994 session. Finally, they could have secured two-thirds votes for controversial reform measures during the 1994 election year. Even the last option, if chosen, had to take place very early in the year in order to ensure timely implementation of the reform plan.

The upcoming election campaigns It is plausible to assume that it would indeed have been difficult to secure a two-thirds majority vote in both chambers for tax legislation during an election year -- a time when partisan politicking is at its height. Both Democratic and Republican legislators were mindful of the implications of the immediate effect rule, and were consequently motivated to find a remedy for the crisis by the end of 1993. The school finance reform package that was ultimately passed was comprised of various controversial tax measures. During the last 72 hours of the reform

process, both the Democratic and Republican party leadership encountered difficulties in trying to convince legislators to cast the necessary votes for the various tax measures. In the House, "the board" on which votes are registered had to be kept open for unusually long periods of time. Most of the major tax bills passed by just a simple majority in the 110 member chamber, and the party distribution for the votes in favor of these bills was evenly divided between Democrats and Republicans. A legislator recalled that there had been consensus that the legislature needed to approve a reform package by the end of 1993:

[F]or all practical purposes, we had to act before the end of the session in that year [1993]. Or we had to get a two-thirds vote on putting all these taxes back together which we would have never gotten. I mean we had enough trouble getting the simple majority....So two-thirds would have never happened.

Other legislators concurred:

[I]t was clear to me that in all of the negotiations, that everybody saw the passage certainly becoming more difficult in '94. And even for your own agenda, whatever it was, that the thought of getting two-thirds was just not a pleasant thought.

Had we done nothing by December 31, it would have been very, very problematic because any tax bills passed in '94, for the upcoming school year could not have been given immediate effect without two-thirds approval in the House and Senate. It was a highly partisan issue.... I don't think we could have gotten two-thirds in '94.

Were it not for the politics of taxation policy, the upcoming 1994 campaign season, and the close partisan distribution in the legislature, perhaps the immediate effect rule would have been less of a concern for policymakers. However, each of these

factors contributed significantly to the perceived imperative to find a solution to the crisis by the end of 1993. Governor Engler, for his part, wanted to campaign for re-election with evidence before the voters that he had fulfilled his most salient 1990 campaign promise -- property tax relief. Such evidence would be in the form of lower property tax bills. As a legislator explained:

The Governor wanted it as his campaign thing. So he had to have it in effect so that he could ride the crest of his success, of people seeing their property taxes reduced. I mean it would have destroyed his program if people couldn't see it happen. So politically, there was an absolute urgency on the part of the Administration to be sure that the effects were there for the campaign.

There had been discussion among Democratic lawmakers regarding the incentive to thwart the passage of a reform package in order to deny Governor Engler a policy victory. A senior House lawmaker provided a good deal of insight into the politics of the case from a Democratic perspective. In particular, the legislator addressed Democratic incentives to thwart a solution to the crisis:

I felt very torn, as a matter of fact, in that regard on just a political, partisan basis. My judgment was that once Senate Bill 1 became law, Democrats had essentially given to the Governor a major piece of his reelection platform. And that no matter what else we did to try to keep this from being more of a problem, the fact was that now he had his trophy, which was essentially property tax relief of a substantial kind.

And my judgment was that just in crass political terms, the best outcome of this whole thing, for Democrats, would be a failure to reach resolution on the making up of additional...replacement revenue. That if that happened, and it could be done in a manner that the burden was on the Governor, that that was the *only* way that we could effectively have thwarted what was a major political gain

for him.

The difficulty I had with that was that you do that at the expense of the schools and the kids. And therefore, it seemed to me, while that would have been the only way for us to have quote, won, closed quote, politically...the price was too high to pay.

And essentially we'd gotten put in a box where...we couldn't do that....[T]here obviously were others who felt "No, you know, it's [the Governor's] problem, he created it, let him fix this. Because he's going to take all the credit. If it doesn't get fixed, he'll take all the blame." And I couldn't, on a partisan, just a political basis, argue with that. Because I think that would have been the case.

A leading Democratic senator avowed:

It's only the nature of the process that every option and every strategy be considered and discussed. But the fact of the matter is that the Democrats didn't do that.

Republican legislative leaders confirmed to me that they had been genuinely concerned that political considerations would lead the Democrats to obstruct a reform package. For example, a senior Republican lawmaker reflected:

I think we were definitely concerned about that, and I'm still not quite sure why...they decided not to carry it to that length. Because they hated -- and still do -- John Engler, with a passion.

Given that partisan tensions were evident throughout the reform process, policymakers could expect that such discord would only heighten during the 1994 election year, and thereby potentially jeopardize the passage of a reform package in time to fund the schools.

A Democratic legislator noted that the possibility that the Democrats could

obstruct passage of a reform plan gave them leverage with the Republicans.¹² The legislator stated that "the risk was there and I think that's what softened the Governor and the Republicans." However, another view holds that the absence of a timely reform plan would have harmed the interests of not only Governor Engler and the Republicans, but also probably the interests of the Democrats. Thirty-one percent of the House Democrats and 88 percent of the Senate Democrats had voted in favor of Senate Bill 1.¹³ If a timely solution to the SB 1 policy crisis was not achieved, these Democrats could have been in the uncomfortable position of having to explain to their constituents why they had voted to initiate the crisis. Although it was highly probable that Governor Engler would enjoy the lion's share of the credit for a reform package, it was not assured that in the absence of a reform plan, he would suffer *all* of the *blame*. Nonetheless, as indicated above, the Democrats were aware that Governor Engler would surely face severe political repercussions in the absence of a reform plan. Thus, the Governor and Republican lawmakers faced this additional incentive to ensure the timely passage of a new system of school finance.

Lawmakers were pressed to ensure that the schools would be adequately funded

¹² It is also important to note that the Governor and Republican legislators were looking to a sales tax hike as one of the primary mechanisms from which to derive replacement revenue for the school funds abolished by SB 1. The measure had to have the support of a two-thirds majority in each chamber (hence, a significant number of Democrats) in 1993 in order to be placed on the ballot in March 1994. This, too, gave the Democrats leverage in the development of a reform package.

¹³ The Senate vote on SB 1 was 33 in favor and four opposed. Twenty Republicans and 14 Democrats voted for the bill while two senators from each party voted against the bill. In the House, the vote was 69 in favor of SB 1 and 35 opposed. Fifty-two Republicans and 17 Democrats voted "yes" on the bill, while 33 Democrats and two Republicans voted "no."

in time for the opening of the 1994-95 school year. This factor alone was sufficient to inspire speedy action in the legislature. In order to prevent the schools from closing in 1994-95, lawmakers needed to be mindful of the logistics and timing of tax collection and distribution. The imperative to fund the schools in time for the upcoming school year, combined with the immediate effect rule and the politics of taxation policy, provoked urgent action in the legislature to resolve the policy crisis in a timely manner.

Elements of Surprise in the SB 1 Policy Crisis

Technically, it cannot be contended that policymakers were "surprised" by the passage of SB 1 and the crisis it created, because they knew that voting in favor of SB 1 was voting in favor of eliminating \$6.5 billion in school funding. The Senate Democratic party leadership had informed the members of the Senate Democratic caucus and "warned" the Republican party leadership that a Democratic senator would offer an amendment to abolish school property taxes. However, my interviews with lawmakers revealed that the SB 1 policy crisis involved several elements of surprise.

First, when the leadership of the Democratic caucus avowed that the Democrats would soon formally propose to abolish school property taxes, they were not taken seriously by many Republicans. Second, even leading Republican senators who had considered the possibility that a Democrat would propose such a drastic measure had not predicted that it would be Senator Debbie Stabenow, a candidate for the Democratic nomination for the 1994 gubernatorial election, who actually offered the amendment. Third, for its part, the Democratic leadership in the Senate had not expected a majority of the Republicans to support the amendment; instead, the Democrats had predicted that

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just a few "renegades" in the Republicans ranks would vote in favor of the Stabenow proposal.

Fourth, in my interviews with members on the House side, everyone, from the senior-most lawmaker to the member in his first term, recalled that the passage of SB 1 in the Senate had taken them by surprise. In terms similar to those recounted by people who remember the day Kennedy was shot, House members frequently volunteered exactly when and where they first learned that the Senate had passed SB 1. For many, it had been on the radio as they drove to the Capitol the next morning. A leading Democratic representative, who had participated in high-level discussions with Republican senators on the property tax issue on the very day that the Stabenow amendment was introduced, complained that the Senate Democrats had not informed House members of their intentions. Another House member reflected: "I don't think that anyone came into the session that day with the intention of eliminating school property taxes."

Since lawmakers were well-informed on the substance of SB 1 as they cast their votes in favor of it, the SB 1 policy crisis did not take them by surprise. However, as indicated above, legislators had not anticipated the rapid course of events that led to the passage of SB 1. Furthermore, the interest groups affected by the policy crisis, discussed in Chapter Four, were unanimous in their surprise at the passage of SB 1.

Policymaker Recognition of the SB 1 Policy Crisis

Lawmakers confronted with the passage of SB 1 were nearly unanimous in their perception that SB 1 had created a policy crisis. For each lawmaker interviewed for the

dissertation, I asked the following question: "Did you perceive that the passage of Senate Bill 1 created a *crisis* in school finance?" The overwhelming majority of lawmakers replied that a policy crisis had been at hand. Of the 38 legislators interviewed, 32 responded "yes," while only four lawmakers stated "no."¹⁴ Typical "yes" responses were accompanied by statements such as "certainly," "absolutely," and "I don't see how you could view it any other way." In addition, the responses indicate no significant influence of party on the perception of whether there was a policy crisis. A majority of both the Republicans and the Democrats had recognized the policy crisis. These results are displayed in Table 3.1 below.

TABLE 3.1: Lawmaker Perception of a Policy Crisis

Each legislator interviewed was asked the following question:

"Did you perceive that the passage of Senate Bill 1 created a *crisis* in school finance?"

	Yes	No	Other
Democrats	14	2	2
Republicans	18	2	0
TOTAL	32	4	2

¹⁴One of the "no" respondents replied that SB 1 created "not a crisis, but certainly chaos." The two "other" respondents replied that they were not sure whether the term "crisis" was a good description or not.

CONCLUSION

In this chapter, I have provided a definition for the term "policy crisis," and my focus has been on how a policy crisis is identified. Importantly, as indicated in Key Point 1.1, it is policymakers who ultimately decide whether or not a policy crisis is at hand. When the objectives policymakers hold dearest are threatened, they will feel compelled to act. In order for the conditions of crisis policymaking to arise, the majority of the lawmakers in a governing body must sense a threat to their high-priority objectives. I have offered evidence from the Michigan case in support of Key Point 1.1. Most Michigan lawmakers sensed that SB 1 threatened their high-priority objectives of maintaining institutional and personal credibility, passing good public policy, and achieving re-election. The near unanimous perception of this threat led to consensus among lawmakers that a policy crisis was at hand.

Key Point 1.2 indicates that a policy crisis demands a quick response within a restricted time frame. Evidence from the Michigan case presented in this chapter supports the point. Not only did policymakers in the Michigan case perceive that they needed to take action to remedy the crisis created by SB 1, they also felt that they needed to act within a restricted time-frame. Lawmakers felt compelled to do *something* about the SB 1 policy crisis, and it had to be done within a limited period of time. Since their high-priority objectives were jeopardized by the policy crisis, they could not afford not to respond to the SB 1 policy crisis. In the SB 1 case, even a return to the status quo

ante would have constituted action to alleviate the policy crisis.¹⁵ The urgency to act was dictated by both practical and political realities. Legislators needed to act in time to prevent the harmful consequences that would result from the implementation of SB 1. In addition, the politics of taxation policy, combined with considerations regarding legislative procedure and timely implementation, convinced lawmakers that they needed to act by 31 December 1993.

Having now addressed policymaker recognition of a policy crisis, in the next chapter I focus on the effects of a policy crisis on the policymaking process. Drawing heavily from interviews with key participants in the Michigan case, I provide an in-depth examination of policymaking under crisis conditions.

¹⁵In Chapters Five and Six, I demonstrate that policy crises not only prompt legislative action to address threats to high-priority objectives but that policy crises also provide rare opportunities for comprehensive policy change.

Chapter Four

Crisis Policymaking: The Legislature and the Chief Executive

INTRODUCTION

Once a policy crisis has been defined, the next question to be addressed is: *What are the effects of a policy crisis on the policymaking process?* (Research Question 2). This chapter examines the effects of a policy crisis on the behavior of the legislature and the chief executive.¹ Three Key Points are advanced, and supporting evidence from the Michigan case is provided for each point.

THE LEGISLATURE

As discussed in Chapter Three, a policy crisis creates an urgent need for policymakers to act within a restricted time frame. In any given situation where some outcome is desired and time is of the essence, it is important to identify the most efficient means to achieve that outcome. Hence, policymakers confronted with a policy crisis will seek the most efficient means by which to remedy the crisis. It should be noted that efficiency need not come at the expense of effectiveness or quality. That is, efficient policymaking need not be poor policymaking which produces bad policies. For example, Dror (1994: 19) suggests that crisis policymaking can produce desired long-term objectives if "relevant issues have been studied before the crisis occurs." My focus in

¹ The roles of interest groups and the general public in the context of a policy crisis are the subject of Chapter Five.

this chapter and the next is on the policymaking process surrounding a policy crisis. In Chapters Six and Seven, I look more closely at the outcomes of crisis policymaking.

Oleszek (1989: 11) notes that noncontroversial measures in Congress are generally considered under expeditious procedures, "whereas controversial proposals normally involve lengthy deliberation." He adds, however, that "[e]xtraordinary circumstances" - - such as homelessness during the winter season -- sometimes prompt rapid action on legislation (ibid.). In a truly democratic system, efficiency is often sacrificed in the interest of deliberation. During a policy crisis, however, the need for relatively quick action encourages a preference for efficiency over deliberation. This does not mean that the policymaking process surrounding a policy crisis is wholly undemocratic. Rather, the policymaking process under crisis conditions is likely to be less open and deliberative than under non-crisis conditions. Various aspects of the 1993 school finance reform process discussed in this chapter reflect a preference for careful yet efficient mechanisms of policymaking over traditional deliberative procedures. However, many participants and observers would consider it unfair and inaccurate to characterize that process as entirely undemocratic. I return to this issue at the end of this section of the chapter.

Mechanisms of Crisis Policymaking

Sharkansky (1970: 16) states that "[o]nce we accept the importance of routines in politics and policy-making, we can learn about some of the most critical events in politics by examining origins, changes, or deviations in routines." Rosenthal et al. (1989b: 18) assert that "[n]o serious threat can ever be dealt with in a routine-like manner." As demonstrated in this chapter, lawmakers confronted with a policy crisis

face incentives to deviate from the routines of policymaking. Arnold (1990: 107-08) emphasizes that lawmakers are not victims to changes in legislative procedures; rather, they consent to such when they deem it to be in their best interest to do so. During a policy crisis, lawmakers face incentives to deviate from traditional procedures of policymaking.

Lipsky and Smith (1989: 8) state that "[t]o call something an emergency is to claim that extraordinary efforts be made to alleviate the condition." They note that the designation of emergency status [or the identification of a "policy crisis"] legitimates the mobilization of extraordinary procedures (ibid.). Rosenthal et al. (1989b: 18) contend: "[i]n crisis situations, formal rules and procedures give way to *informal processes and improvisation*." Highlighting the importance of expertise during crises, they observe that "official qualifications and jurisdictions happen to be less important than the capacity for a resolute and rapid response to the crisis" (ibid.). What is especially instructive for the research purposes of the dissertation is that the mechanisms of policymaking employed to resolve the SB 1 policy crisis -- in particular, the negotiating teams, the closed-door negotiations, and the large number of tie-barred bills -- tended to be of an extraordinary nature when compared to ordinary policymaking in Michigan.² As discussed below, a relatively extraordinary scenario -- a policy crisis -- leads to the use of relatively extraordinary mechanisms of policymaking.

Informal bipartisan teams, closed-door negotiations, and tie-barred bills are among

² Arnold (1990) highlights the value of closed door meetings and omnibus legislation in Congress for controversial policy areas such as taxation.

the policymaking tools commonly utilized by lawmakers as they attempt to efficiently develop a policy response to a policy crisis, and to ensure consensus on that response (see Light 1995). Importantly, an emphasis on negotiating teams and closed-door deliberations can result in bypassing the regular committee system. The decisions typically made by standing committees involving public hearings are replaced by decisions made by a few expert legislative leaders working behind closed-doors. Light (1995: 219) notes that most of the crucial decisions of the Social Security rescue of 1983 came "*outside* the normal process." Returning to the ordinary legislative process came "only at the last moment" when a Social Security reform plan formulated by a special "gang of nine" was channeled through the formal committee process. At this stage, the plan was translated into legislative language and some changes were made; however, most of the important decisions of the Social Security rescue had been made by the small negotiating group and the bulk of its recommendations were approved in committee (Light 1995: 193-94).

As discussed in Chapter Three, deadlines for action are inherent in policy crises. Loomis (1994: 15) observes that legislative deadlines often provoke a sharp drop in the number of players involved in the policy process. According to E.E. Schattschneider (1975: 2):

[T]he outcome of all conflict is determined by the *scope* of its contagion. The number of people involved in any conflict determines what happens; every change in the number of participants, every increase or reduction in the number of participants, affects the result.

Schattschneider (1975: 17) notes that "[t]here is nothing intrinsically good or bad about

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Introduction

any given scope of conflict. Whether a large conflict is better than a small conflict depends on what the conflict is about and what people want to accomplish." As the number of parties involved in a conflict increases, the viewpoints represented in the decisionmaking arena are likely to multiply. Thus, it might be hypothesized that the broader the scope of conflict, the more time it may take to achieve consensus on some issue. Since time is of the essence during a policy crisis, policymakers who occupy leadership positions in the governing body responding to the crisis will generally seek to narrow the scope of conflict. This is aimed at creating conditions of efficient policymaking. As Loomis (1994: 15) notes of deadlines, policy crises tend to concentrate power.

As discussed below, in the Michigan case, the use of special negotiating teams, closed-door negotiations, "pre-conferences," and tie-barred legislation during the SB 1 policy crisis reflected policymaker recognition of two key imperatives during a policy crisis: a.) the need for a satisfactory resolution to the crisis, and b.) the need to achieve resolution in a prompt and careful manner. In addition, the last 72 hours, and in particular, the last 24 hours of the school finance reform process, demonstrated a preference for efficient mechanisms of policymaking over traditional institutional processes. Numerous scholars have highlighted the concentration of activity that is frequently witnessed as a legislative session draws to its conclusion (e.g., Zeller 1954; Tucker 1985, 1987; Light 1991; Loomis 1994). My research suggests that a policy crisis results in the convergence of a large amount of legislative activity into a brief time-frame, similar to the end of a legislative session.

Factors such as the policy area under deliberation and the partisan composition of the legislature will influence whether and how given mechanisms of policymaking are employed under non-crisis conditions. My findings indicate that during a policy crisis, they are likely to be viewed as integral to the development of a remedy for the crisis. The legislators with whom I spoke suggested that the use of particular procedural mechanisms was critical to the passage of a reform plan to address the SB 1 policy crisis.

Policy Crises as Contexts for Compromise

Lawmakers confronted with a policy crisis face strong incentives to achieve a remedy to the crisis in a timely manner. This imperative for prompt resolution renders political compromises on controversial measures more likely than under ordinary conditions of policymaking. Lawmakers confronted with a crisis in a controversial policy area now have a convenient excuse for finally making the tough decisions and casting difficult votes. The perception that the crisis must be resolved provides political cover for such lawmakers. Light (1995) discusses these issues in the context of the Social Security rescue of 1983. He notes that lawmakers needed to "have some cover back home" for the difficult votes cast on the Social Security rescue legislation (Light 1995: 222). Among the "excuses" lawmakers had at their disposal for such were "The Speaker/President asked for my vote," "There was no choice," and "The bill could not be amended" (ibid.). A more recent instance of a crisis promoting compromise is found in the manufactured budget crisis of late 1995 and early 1996, during which "nonessential programs" of the federal government were shut down twice. The bitterly divided executive and legislative branches compromised in order to end the shutdowns.

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Based on the preceding analysis, the following Key Points have been developed and will be applied to the Michigan school finance policy crisis:

Key Point 2.1: *During a policy crisis, policymaking mechanisms that promote careful yet efficient crisis resolution (e.g., special negotiating teams and closed door negotiations) are favored over traditional institutional processes of policymaking.*

Key Point 2.2: *The imperative for a timely remedy during a policy crisis promotes political compromise and provides cover for lawmakers faced with difficult votes on controversial measures.*

THE MICHIGAN LEGISLATURE AND THE SB 1 POLICY CRISIS

Limiting the Scope of Conflict

In the SB 1 policy crisis, legislative leaders aimed to limit the scope of conflict in two main ways. First, they confined the scope of conflict within the legislature to small groups of carefully selected legislators. While regular standing committees conducted official business, much of the "real action" took place in the closed-door meetings of these small groups. Until late in the reform process, the majority of legislators were forced to play a waiting game on the sidelines while the key players in the House and Senate worked behind closed-doors to negotiate reform packages to submit to the entire legislature. The responsibility for developing a framework for reforming the Michigan system of school finance was assigned largely to special negotiating teams in the House and Senate. The more significant of the two teams was the House Team of 14.

The second, related way in which the scope of conflict was limited pertains to interest group access to the reform process. Interest group representatives were not permitted to participate in the closed-door meetings. Further discussion of interest groups in the context of a policy crisis is found later in this chapter.

The House Team of 14 The Co-Speakers in the House were cognizant of the fact that a solution to the SB 1 policy crisis would require bipartisan consensus that crossed the jurisdictional lines of several committees. The partisan composition of the House at 55 Democrats and 55 Republicans was one obvious factor which necessitated a bipartisan agreement. Furthermore, two-thirds of the members in the House and in the Senate had to approve a sales tax proposal in order for it to be placed on the ballot.

Shortly after Governor Engler introduced his reform plan in a speech before the legislature in early October, House (and Senate) leaders recognized that the plan lacked support among both Democratic and Republican legislators. The Co-Speakers of the House, Paul Hillegonds (R) and Curtis Hertel (D), decided to appoint an "unofficial" bipartisan team of legislators to work behind closed-doors to develop a reform package. Co-Speaker Hillegonds chose seven Republican House members and Co-Speaker Hertel selected seven Democratic members to form the group which became known as the "Team of 14" or "Team 14."³ For listings of the Democratic and Republican members of the Team, see Tables 4.1 and 4.2.

³ Rep. William Keith (D), a Team member, coined the name "Fabulous 14" for the team, and the mass media used this term to refer to the group. Many observers would consider the name to be an appropriate one. However, as indicated later in the chapter, several legislators who were not members of the team, the Governor's Office, and some interest groups did not always regard the team as "fabulous."

The legislators chosen for the team were generally "veterans" with experience in taxation, school finance and/or education policy. Due to the short time frame in which to act, and the tremendous complexity of the school finance issue, the House leaders perceived that a solution to the policy crisis would require the expertise of the legislators who were most knowledgeable about the issue at hand. Members of the Team were viewed as collectively "liberal" by some of the legislators and observers I interviewed, but as "moderate" by most. This "moderate" quality was an important factor for achieving consensus on a reform plan. As explained by a leading Republican lawmaker:

[T]here is no way going into this that there were some of our Taxation [Committee] Republicans who would have ever voted for a tax increase. That just goes against their philosophy of life and, in some cases, their political situations. So there were some members who couldn't have participated and been able to be part of a solution.

And a Democratic member of the Team of 14 noted:

[B]y virtue of the fact that we knew each other well, some of us were quite friendly. But also because the people who were picked to be on that team were deliberately picked because they were neither too liberal, too conservative, or too off-the-wall in any way shape or form.

The Bipartisan Legislative Team (BLT), discussed in Chapter Two, was an important precursor to the Team of 14. As indicated earlier, Dror (1994: 15) suggests that policy crises are more likely to be resolved satisfactorily if the policy area in crisis has been studied by lawmakers prior to the crisis. Most members of the Team of 14 had previously served on the BLT and one such Republican member observed that a critical element of the reform process was "the historical commitment" of the Team of 14 members toward achieving a solution to the problem of school finance reform. Indeed,

**TABLE 4.1: Democratic Members of the Team of 14
Michigan House
1993**

Lawmaker	Relevant Committee Membership	Number of Full Years in Office Prior to the SB 1 Policy Crisis	Party Leadership Position	Member of the Bipartisan Legislative Team (BLT)
James Agee (D-Muskegon)	Co-Vice Chair Education, Co-Vice Chair Taxation	1	No	No
Maxine Berman (D-Southfield)	School Aid Appropriations Subcommittee	11	Assistant Democratic Floor Leader	No
Robert L. Emerson (D-Flint)	Co-Chair School Aid Appropriations Subcommittee	13	No	Yes
H. Lynn Jondahl (D-Okemos)	Co-Chair Taxation	21	No	Yes
William R. Keith (D-Garden City)	Co-Chair Education	21	No	Yes
James E. O'Neill, Jr. (D-Saginaw)	School Aid Appropriations Subcommittee, Co-Vice Chair Appropriations	27	No	Yes
Ted Wallace (D-Detroit)	Appropriations	5	Assistant Democratic Floor Leader	No

**TABLE 4.2: Republican Members of the Team of 14
Michigan House
1993**

Lawmaker	Relevant Committee Membership	Number of Full Years in Office Prior to the SB 1 Policy Crisis	Party Leadership Position	Member of the Bipartisan Legislative Team (BLT)
Robert Brackenridge (R-St. Joseph)	Taxation	3	Republican Caucus Vice Chair	No
William R. Bryant, Jr. (R-Gross Pointe)	Taxation; Co-Chair Education	23	No	No
Willis C. Bullard (R-Milford)	Co-Chair Taxation	11	No	No
Barbara J. Dobb (R-Commerce Township)	Co-Vice Chair Taxation	3	No	Yes
Don Gilmer (R-Augusta)	School Aid Appropriations Subcommittee, Co-Chair Appropriations	17	No	Yes
Susan Grimes Munsell (R-Howell)	Taxation	5	No	Yes
Glenn Oxender (R-Sturgis)	Co-Chair School Aid Appropriations Subcommittee	11	No	Yes

it is important to note that the legislature was not completely unprepared as to how to cope with the policy crisis caused by SB 1. In particular, the past work of the BLT meant that finding a solution to the crisis was somewhat less daunting than might otherwise have been the case. As explained by a member of the Team of 14:

I'm sure that everybody looks at Michigan and says "ooh," what a remarkable change we made. And it was remarkable. But there had been so much pre-work done with the group of 14 people that we knew each other pretty well....[On school finance,] we had a pretty good idea of what was possible, what wasn't possible. So I think the preliminary work we did for two years really was the key to why it could become successful. Otherwise I don't think we would have had enough background information.

Ad hoc teams, whether official or unofficial, are of course not unheard of in the legislative process (see Wolpe 1990: 4). However, veteran legislators asserted that they had not witnessed a parallel to the House Team of 14 during their years of service in the legislature. A veteran legislator contrasted the Team of 14 with previous groups that had worked on school finance reform:

I was on a couple of blue ribbon panels on school finance reform and...legislators were a part of it and...representatives of the teachers unions, and the school board association, school administrators, and the in-formula, and the out-of-formula (in other words, the wealthier school districts and the poorer school districts), and chambers of commerce, and on and on. You know, and you get an unwieldy group of 50 or 60 people....

The Team of 14 had several noteworthy features. Perhaps the most unique aspect of the team was that while it was technically unofficial (and thus not bound by the state's Open Meetings Act), it enjoyed the official "blessing," or legitimacy, conferred by the House Co-Speakers. Unlike its precursor, the BLT, which was an unappointed group of representatives, the Team of 14 members had been selected by the House co-Speakers. A

second unusual aspect was that the Team, like the House, was comprised of an equal number of members from both the Democratic and Republican parties. As a Team member explained:

[E]very time I'd always been in negotiations before, the majority party always had more members in the negotiations than the minority party. And that always...creates a, not a complete negotiation process, because one always has power over the other.

A third factor of significance was the magnitude of the mission assigned to the Team. A legislator made the following comparison between other bipartisan teams and the Team of 14:

Generally, they're [bipartisan teams] more common when you have a particular piece of legislation in front of you....Of course they're very common, they're part of the process, in conference committees. But to take an issue where there's no piece of legislation and say "You folks get together and see if you can come up with a whole new scheme of things within a timetable," that's not that common.

Another legislator contrasted the central role played by the Team of 14, and the scope of its assignment, with previous cases of policy reform:

In the past, it would either be...driven by the Governor, through a speech, executive order or the budget; or, [by] an individual legislator in a key political position -- Approps. chair of the K-12 subcommittee, or something like that -- that would have the ability to drive a policy. But that would be a single issue, for the most part.

Similar to the previous commitment on the part of BLT members to support the product of their labor in its entirety, the members of the Team of 14 pledged at the outset of their deliberations to support all of the provisions of their eventual reform package. A Republican Team member commented:

There were some pieces to the package that were contrary

philosophically to the views that some of us had....And yet when we finally put this together and it was announced by Paul and Curtis in early December, we had made a commitment that the 14 of us, even though we might have to hold our nose on some of the votes, would support what we put together.

By upholding their commitments to support the elements of their reform package, the Team of 14 members contributed to efficient policymaking.

While members of the Team of 14 told me that they had experienced a sense of camaraderie during their meetings, several legislators who were not a part of the Team expressed frustration with the process. In the words of one disgruntled legislator: "[T]hat bipartisan team approach stunk. It stunk to high heaven." A few other legislators told me they had felt unduly excluded from the negotiations of the Team of 14. One such legislator recalled:

There was very little interaction with that Team 14, the Dream Team, or whatever they wanted to be called. It created quite a, you know, some animosity within the legislature, because they were working separately. There was frustration because so many times the communication was not there.

Another House lawmaker who was not a Team of 14 participant lamented that there were parallel policymaking processes at work to develop a response to the SB 1 policy crisis: one process took place in the Education and Taxation Committees and the other took place among members of the Team. As it turned out, the process that "mattered" was that of the Team of 14. The legislator had participated in committee meetings and "worked hours and hours" in committee. Yet, the work of the committees was largely superseded by the work of the Team of 14:

[I]n the end, what we did had little significance in what it looked like when it was all done...It bothered me to the extent that if I'd known that this was an exercise to buy some time

to give some public exposure to it I could have used my time differently. Because I was there in the committee meetings and I was there to participate the whole time....and because I felt my attendance at the committee meetings was important. And in the end, it didn't matter.

Since it was not an official committee, the Team of 14 did not have the power to report bills out to the House floor. In early December 1993, the Team of 14 school finance reform package was being reviewed by the appropriate standing committees. The Team had included the co-chairs of the committees with jurisdiction over school finance, and this helped to ensure that most of the Team proposals would make it through the committee process.⁴ When legislators who were not a part of the negotiations offered their own proposals in committee, they were sometimes informed by the committee leadership that their proposals were not a part of "the agreement." A member of the Team said that sometimes the proposals might make sense — if they were standing alone. In contrast, the Team of 14 had labored to build bipartisan consensus around a total reform package comprised of numerous interrelated tax items. Further, Team member support for a given item in the package was contingent upon the inclusion or exclusion of other items. Thus, a legislator who was not a member of the Team explained that the basic framework "was done behind closed doors, and there was no picking that apart."

Parts of the Team of 14 package were eventually altered through the formal amendment process on the House floor. A Team member explained that when the reform package made it to this stage, representatives who were not Team members finally asserted: "Hey, we didn't make this agreement. You know, we're the whole rest of the legislature."

⁴ The three House committees with jurisdiction over school finance were the Education and Taxation Committees, and the Appropriations Subcommittee for School Aid.

Given the "tremendous resentment" on the part of some legislators who were not a part of the negotiations, a Team member observed that the use of the team "was kind of a double-edged sword." However, he added: "I'd say it was the *only* way to make policy to resolve this issue."

Even several of the disgruntled legislators acknowledged the necessity and utility of the negotiating team. One such legislator reflected upon how some of the members of her party's legislative caucus had viewed the Team of 14 with contempt. Speaking about one of the standing committee co-chairs who was both a member of her party caucus and a Team member, she remarked:

Oh, he really took a beating on coming up with various bills and proposals without the caucus being informed. And I myself had called him, saying that "Hey,... you know, you're not letting us in on what's going on...." So I became angry with him also, but I stood up in caucus and gave him a great deal of credit, because he was under enormous pressure. And there were some things that had to be dealt with, that couldn't wait for the committee meetings to be held.

This lawmaker highlighted the political tensions surrounding the issue as well as the fact that the Team of 14 contributed to efficient policymaking. Many legislators who were not on the Team had been relieved that others were spending the late nights trying to devise a solution to the crisis. Upon completion of their proposals, members of the Team of 14 received many letters of thanks from other legislators.

The hallmark of the Team of 14 reform package was an insistence that a statutory back-up plan be included in any reform package. Given the history of repeated voter rejections of property tax reform proposals at the ballot box (discussed in Chapter Two), Team members recognized that there had to be a contingency plan in place should yet another property tax ballot measure be defeated. As stated by one legislator, the usual practice of

letting voters choose either a ballot proposal or the status quo would have been "a disaster" because SB 1 meant that "there was no status quo to go back to." Since the ballot measure was centered on the sales tax, that left the income tax as the focus of a back-up plan. Many Republican legislators despised the idea of an income tax hike. Nonetheless, the Team of 14 was able to initiate consensus on a statutory back-up plan. A leading legislator in the House explained:

Frankly, when we did pass the tax increase part of that package, the income tax part of the fall back plan, the Governor and the Senate leadership were totally shocked. I think they felt that what came out of that negotiating group would be run up the flag pole on the House floor and promptly defeated. But this is one where House members really felt that we had to do a fall back plan [and] were willing to take the heat. We were certainly getting a lot of heat from parents and the school community on having it all fall apart. So,...I think the House initiative was absolutely fundamental to getting the job done.

Components of the Team of 14 plan were altered on the House and Senate floors. For example, to the dismay of several Team members, one of the major additions adopted by the legislature was a cap on property taxes. However, the essential foundation of a ballot plan based on a sales tax, and a statutory back-up plan centered on the income tax was preserved. Thus, a legislative leader described the work of the Team of 14 as "invaluable - not only in ultimately getting the votes on a plan that crossed partisan lines, but in really laying the foundation for the solution."

The fact that the Team of 14 plan was altered as more participants were brought into the conflict reflects Schattschneider's (1975: 17) assertion that "[a] change of scope makes possible a new pattern of competition, a new balance of forces, and a new result." This phenomenon was readily apparent when the legislature acted upon the Team of 14 reform

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The Reform Process in the Senate The reform process in the Senate was more partisan than in the House. Two ad hoc "supercommittees" were established -- one was assigned to work on school finance reform and the other supercommittee was responsible for addressing school quality issues. Senators I interviewed reported that such supercommittees were unusual. The supercommittees were formed since the issues under deliberation were so complex and crossed committee jurisdictional lines. Hence, these committees were aimed at careful yet efficient policymaking. Since the Republicans were the majority party in the Senate, each committee was comprised of five Republican members and three Democrats.

Unlike the House Team of 14, the supercommittees were official committees with the power to report legislation out. Partisan discord on these committees (in particular, on the School Finance Reform Committee) stalled action in the Senate. While the Republicans sometimes had enough votes to report bills out of the committees, the Democrats frequently "just said 'no'" on the Senate floor due to their dismay over the lack of compromise at the committee level.

The impasse in the Senate School Finance Reform Committee convinced the Republican and Democratic party leadership in the Senate to establish an "unofficial" negotiating team. Senate Majority Leader Dick Posthumus named four Republican senators and Senate Minority Leader Arthur Miller assigned four Democrats to sit on the team to work on both school finance and school quality issues. This team convened relatively late in the process. A list of the members of this team is found in Table 4.3.

**TABLE 4.3: Senate Bipartisan Team
Michigan Senate
1993**

Lawmaker	Relevant Committee Membership	Number of Full Years in Office Prior to the SB 1 Policy Crisis	Party Leadership Position
Phil Arthurhultz (R-Whitehall)	Appropriations	14	Majority Floor Leader
Dan DeGrow (R-Port Huron)	Co-Chair Education Reform	12	Majority Caucus Chairman
Joanne Emmons (R-Big Rapids)	Co-Chair School Finance Reform, Chair Finance	6	Majority Caucus Whip
Harry Gast (R-St. Joseph)	Co-Chair School Finance Reform, Chair Appropriations	22	Assistant Majority Caucus Chair
Jim Berryman (D-Adrian)	Education, Education Reform	2	Assistant Minority Whip
John Cherry (D-Clio)		10	Minority Floor Leader
Virgil Clark Smith (D-Detroit)	School Finance Reform, Minority Vice-Chair Finance	17	No
Debbie Stabenow (D-Lansing)	Education Reform, Finance, Minority Vice Chair Education	14	No

Senators, representatives and lobbyists with whom I spoke did not attribute to this team the same significance that was attributed to the House Team of 14. The Senate had been plagued by partisanship and remained in a stalemated position until about mid-December. Much of the reform legislation that came out of the Senate was negotiated between a few party leaders and the Governor late in the process. A Republican member of the House observed of the Senate:

[T]he Senate really was reactive. I mean the Senate was looking at the issue I think a little more ideologically saying we needed a big tax cut out of this, there was no way we should support an income tax.

A leading Republican Senator recalled that the Senate Republicans "were out of the loop.

We couldn't agree amongst ourselves." And a Senate Democrat commented:

I think the Republicans in the House, I give them a lot more credit. They were really willing to put something together, in a bipartisan way, much more than the Senate. It was much more difficult in the Senate.

As a result, the momentum of the process tended to be centered in the House. For much of the school finance reform legislation, the House acted and then the Senate reacted. In the final hours of the process, the House bills were sent to the Senate; the Senate added its amendments; and the bills were then returned to the House for the final votes.

Closed-Door Negotiations In both the House and the Senate, closed-door negotiations were a critical feature of the reform process. Almost every legislator and interest group representative I interviewed agreed that closed-door negotiations had played a major role in resolving the policy crisis. Further, veteran legislators reported that the extent and effect of closed-door proceedings were greater than they had

witnessed in other policymaking contexts.

In contrasting the Team of 14 proceedings with other negotiating teams he had served upon, a veteran legislator noted that the Team of 14 case was one of the few times "that the legislators were all involved and there weren't any lobbyists or interest groups in the room." The closed-door format permitted legislators to speak openly to consider different options without fear of scrutiny by lobbyists and the mass media. The legislative leadership responded to media demands for access to the Team of 14 meetings with the assertion that the Team of 14 was an unofficial group of legislators simply getting together to try to solve a problem. A Team of 14 member explained the utility of the closed-door as follows:

[S]ometimes legislators had to give a little from their favorite school districts in order to make a fair system overall. And it's real hard for a legislator to publicly say "Well, OK, you know, we don't have to have this." Because sometimes in public, you take such a combative mode that, you know, we're here to represent our constituents and we've got to get the best that you can get for them. And sometimes it's hard, with the public pressure on us, it's difficult to deal with good policy for the entire state.

A legislative leader offered a similar perspective on the necessity of the closed-door format:

There would have been too much posturing in an open meetings situation. And as much as I think open meetings and the accountability that comes with it are very important, there are times when I just think... in order to get honest negotiations on very complex policy matters without posturing for public consumption, that you gotta go behind closed doors.

Since school finance reform was such a high profile issue, the closed-door format used

by negotiators in the House and Senate permitted them to have "a bang out. You know, everybody could speak their piece, and we could give and take and negotiate."

Indeed, many of the Team of 14 members characterized their negotiations as dynamic and, at times, very heated. The Team was charged with devising a reform package that would necessarily be comprised of many controversial components. Achieving consensus on the package was no easy feat, and the inclusion of a given component was often linked to the inclusion or exclusion of some other component. A Team member explained:

[T]hings were very mobile. I mean you might feel you've decided something one day, only to come back the next day, and get to the next piece, somebody would say "Well, if you do that, then we're not going to do this."

Other members of the Team of 14 spoke about the heated exchanges that occurred in their meetings. One such member recalled: "We used to go round and round. And yell and shout." Another member recounted the following:

The interpersonal dynamics were...there was literally at times, I mean it was ready to break into a physical brawl. I remember one time, one of our female members....One of these women just literally got up on the top of the table, was heading over the table, and literally grabbed one of the other women! I mean there were very intense negotiations. And there were literally times when we had to take time outs.

At times, the Team suffered difficulties due to a few Team of 14 members who neglected to uphold the closed-door principle once they had left the meetings. A couple of the Team members related their frustration with these more talkative members:

We were having tremendous difficulties working in a closed-door [setting]. In fact, a number of the people were

immediately leaving the session and going and saying "Well, we've decided this and this." And then some of the rest of us would be asked "Well, is this what you've decided?" And we would, you know, sit there with egg on our face and say "Well, where'd ya hear that?"

I remember one time, and I think it shows in one of the newspaper articles, where we walked out and [a Team member] really blabbed a whole lot of stuff.... And it almost killed the whole process. We went back in, we spent about four hours discussing, you know, do we really want this to work? ... Because if we've got 5,000 pieces we've got to put together, and [on] every piece somebody goes out and talks to the press about it, this will not happen. It will never come to pass.

Similarly, a member of the Senate negotiating team recalled:

The dynamics were *very* touchy in the Senate. We felt that it was better to really be quietly working to try and work it out....And it was such that we were afraid if somebody said something, somebody else would change [his or her] mind, and stop the agreement. It was just very touchy.

It is plausible to surmise that the difficulties encountered in trying to devise a response to the SB 1 policy crisis behind closed-doors could only have been multiplied in an open meetings setting.

Legislators sought to shield the negotiating process from not only the mass media but also from interest groups:

[W]e needed desperately to keep all the special interests outside of the room....And I mean, you know, there were days at a time when the media camped outside, the lobbyists were hanging outside.

A member of the Senate negotiating team explained that the closed-door format permitted team members to deliberate upon what they thought was the best remedy for the crisis rather than what the interest groups thought was best. He viewed the use of the special

negotiating team and the closed-door format quite favorably:

It was certainly very much above board. It was an idea of gathering into a group and saying "this is what we'd like to see." It gave both sides a chance, with no outside influence to sit down....I thought that part was very educational. I thought it was a good process.

A Team of 14 member suggested that the exclusion of the interest groups from the negotiating table was justified because legislators had a different level of responsibility than did the interest groups:

[W]e had to close the door to accomplish what we wanted to accomplish. I mean it's the Republicans and the Democrats in the House and the Senate that had to put up the votes. I mean we had to put up the difficult votes.

The negotiators did not seek to deny interest groups *any* input into the reform process; rather, they felt that the most appropriate time for active interest group involvement would be after a proposal for a reform package had been developed behind closed doors. A Team member explained this position as follows:

When we were putting it together, you know, we thought that when we brought the thing publicly out, then...there would be plenty of time [for] a lot of input from...special interest groups: teachers, school administrators, the business community who were concerned about taxes, taxpayers' groups concerned about individual taxes. And so we were trying to get it to a stage where we had a framework. I don't think we could have done that in the public arena.

Many of the legislators I interviewed agreed that if the entire reform process had taken place under the provisions of the Open Meetings Act, a reform package "would have never happened."

Other Procedural Mechanisms

Committee Bypass Legislators I spoke with confirmed that in both the House and the Senate, the regular committee process was largely bypassed. Time was certainly a consideration here since legislators felt an urgent need to pass a reform plan by the end of 1993. There were two main ways by which the regular committee system was bypassed. First, since the school finance reform issue crossed committee jurisdictional lines, leaders in both the House and the Senate recognized the need for a more efficient means by which to develop legislation. Hence, the creation of the Team of 14 in the House, and the supercommittees and negotiating team in the Senate. Further, as stated earlier, much of the real action in the Senate took place in closed-door negotiations between Senate party leaders and the Governor.

The second way in which the regular committee system was bypassed -- in this case, superseded -- pertained to the negotiation of differences between House and Senate bills. The traditional conference committee used to iron out differences between House and Senate bills was replaced by the "pre-conference" among the leadership of the House and Senate. Under ordinary conditions of policymaking, differences between House- and Senate-passed bills on the same issue are typically reconciled in a formal conference committee consisting of members from each chamber. However, during the SB 1 policy crisis, the formal conference committee mechanism was not employed. Instead, a handful of party leaders from the House and Senate usually convened informal "pre-conference committees" for the purpose of producing uniform House and Senate bills. The participants in the pre-conferences were typically the House Co-Speakers and the

Senate Majority and Minority Leaders. During their negotiations, these party leaders were in frequent contact with the Governor. The pre-conference "committee" meetings took place prior to the first votes on House and Senate bills rather than after such voting (as in the case of a conference committee).

A Senator explained:

[M]any issues that would have been dealt with by a conference committee were dealt with by these negotiation sessions. Those differences were ironed out before the bills even hit the floor.

And a lobbyist offered this analysis:

[T]here's a love-hate relationship, actually, I think it's more of a hate-hate relationship between the House and the Senate. And so a lot of those things were negotiated. And that's why it didn't go to a conference committee. The deal was: had it gone to the conference committee, all bets were off. And they were gonna start from scratch. And they knew the time line then didn't let them do that. They couldn't afford to start from scratch.

Thus, the political and time pressures evident in the SB 1 policy crisis encouraged the abandonment of the traditional conference committee in favor of "pre-conferences."

The Tie-Bar The tie-bar is a legislative mechanism which renders the passage of two or more bills contingent upon the passage of each other. Sometimes it takes multiple bills to establish a policy change, because different components of a policy area are being altered. For example, a change in the regulations of financial institutions might require several separate bills to cover different types of financial organizations. To ensure that the new regulations apply to all of the financial institutions, the bills would be tie-barred. In the Michigan case discussed here, the reform package was comprised

of over 25 bills, most of which were tie-barred together. The tie-bar was used during the reform process not only because of the interrelated nature of some of the tax bills, but also to ensure that legislators would not renege on their commitments. Although legislators could have voted to break the tie-bar, there was agreement that the tie-bar was a political necessity in this case:

Because people have made compromises on bills. And that's all contingent on somebody else keeping their end of the deal. So you tie-bar the thing to make sure that everything moves, and not just what one person wants to move because [he or she] control[s] the agenda.

Since it ensured that legislators upheld previously stated commitments, the tie-bar contributed to efficient policymaking and aided in securing a resolution to the policy crisis.

The Closing Hours of the Policy Crisis

The last 72 hours, and in particular, the last 24 hours of the reform process encompassed a tremendous amount of legislative activity. While it is certainly not uncommon for a flurry of legislative activity to occur at the close of a legislative session (see, e.g., Zeller 1954; Tucker 1985, 1987; Light 1991: 56; Loomis 1994), this was an efficient and important stage in the resolution of the policy crisis. Although lawmakers were operating under constitutional rules on legislative procedures and immediate effect legislation, they were not operating under an absolutely mandatory deadline. However, as discussed earlier in the dissertation, lawmakers faced real incentives to approve a school finance reform package prior to the end of 1993. In contrast, the school quality issue was less pressing in terms of the logistics of implementation. Lawmakers could

have delayed decisionmaking on the school quality reform package beyond 1993 -- and some legislators had argued for such -- but the legislative leadership insisted that the quality package be approved in the crisis context. Thus, crisis policymaking was not limited to the crisis at hand -- in school finance -- but was extended to the issue of school quality.⁵

A lawmaker in the House had tried, unsuccessfully, to forestall action on a lengthy school quality reform bill during the closing hours of the reform process. The logic of this legislator was that there was time to act on school quality issues in 1994, in contrast to the imperative to secure a school finance package in 1993. The issue of school quality reform is the focus of Chapter Six, where I address the perceived political incentives which led many in the legislature to insist that a school quality reform bill be included in the overall school finance reform package. For the purposes of this chapter, the following comments of the aforementioned legislator regarding the school quality reform bill provide a behind-the-scenes account of the final hours of the policy crisis and also suggest that a heavy emphasis on efficiency, due to the impending deadline for resolution of the crisis, led to errors that might have been prevented:

I think the place where we really ran into problems...was on the School Code issue itself. I mean the bill was like, I don't know, 80 pages long. The Senate had made changes....It was three o'clock in the morning when the Senate sent us the bill. And we walked into a room, six or eight of us, to go over it. And people were so tired. I went out and asked the Co-Speakers to delay action because we really didn't need it. I mean that was the Code and it

⁵ School quality reform in the context of the SB 1 policy crisis is more fully addressed in Chapter Six.

wasn't the money....I mean we might as well have made a commitment to do it in January, that was not a problem. But they refused. And consequently, what we discovered of course,...starting in January, were all these errors. And they were big errors. It wasn't like typos.

An education lobbyist described the events of the last 24 hours of the reform process as follows:

Every little bizarre idea that was turned down in the Education Committee for the last 10 years was on the floor of the House that day for an amendment.

The lobbyist highlighted that the reform process was at its "most vulnerable" stage at this point in time, echoing Light's (1991: 156) observation that the "sheer confusion" of the final days of a legislative session provides important opportunities for proponents of legislation. Hence, policy crises may lead to conditions of policymaking that are similar to those often found at the end of a legislative session. In both cases, there is an impending deadline for action and a flurry of legislative activity concentrated into a very short time-frame.

Under ordinary conditions, legislators are not always well-informed about the legislation before them. The case of the SB 1 policy crisis examined here also offers insight into the phenomenon of uninformed voting. In my interviews with policymakers and interest group representatives, I asked whether they thought that legislators were registering uninformed votes. Both legislators and lobbyists agreed that this had occurred. When I asked legislators whether this had occurred to a greater degree than under ordinary (non-crisis) policymaking, a majority responded "yes."

For many legislators, there was little choice but to register uninformed votes in

the final round. In the policy crisis addressed here, a comprehensive and complex final package was devised only during the eleventh hour, leaving virtually no time for a legislator to analyze the contents of a given bill in the package. Over 20 bills were rapidly pushed through the legislature during a marathon legislative session that began on 24 December and ended at noon on Christmas Eve. This meant that legislators who were not a part of the negotiations which produced the numerous bills were likely to be less well-informed than they might have preferred.

According to a Senate staffer:

[I]t was nuts because we could not get an analysis from the Senate Fiscal Agency, or the House Fiscal Agency, on what the impact of any of these amendments were for our own districts...It takes *days* to do that....you have to call your individual school districts... and you tell me [of] a superintendent that feels like staying up at one in the morning. And that's when half of this stuff was done. Between the hours of seven p.m. and five a.m.

And a senator lamented:

Twenty minutes before you vote on it and you're supposed to be on your toes on everything? There's no way that you could know everything that was passed. That's where the process was flawed.

When I asked legislators whether uninformed voting had taken place, the response offered by the following legislator was typical:

Oh definitely! Oh yes! There's no doubt about that. At four o'clock in the morning, and these bills are being shoved at you, that you hadn't seen before, you can't possibly, in my opinion, make a knowledgeable decision.

Another legislator offered remarks in defense of his colleagues, stating that the policy crisis was ultimately resolved through "a rush job" in which "there were literally tons

and tons of bills that nobody had a chance to read."

Several legislators and interest group representatives I spoke with suggested that legislators weren't necessarily meant to be fully informed as they were casting their final votes on the reform bills. The fact that many legislators were not well-informed about the bills on which they were voting served the political interests of those advocating the bills. A telling example here is the approval of a bill providing for charter schools. A legislator explained:

That's basically where you had the Governor's charter school bill come swooping through and nobody knew what was in it.⁶

Many of the individuals I interviewed suggested that legislators had at least a *rough* idea of what they were voting on. However, many emphasized the comprehensiveness of the legislation and chuckled about learning only months later exactly what they had done. A legislator remarked:

[I]t was of such momentous importance that it really did have the attention of almost all the legislators. Now whether or not we really knew what all of these amendments contained, that type of thing, ah, we're still finding out [laughs].

In addition, a legislative leader claimed that he was not aware of a controversial provision in the legislation "until about three weeks after these bills were signed into law."

An education lobbyist remarked:

⁶ Further analysis of the politics surrounding the charter schools legislation is found in Chapter Six.

I mean there are things that they still don't know how they work. You know, like specific taxes and stuff. They're still digging out. The next two or three sessions after that, they had to be correcting things that they did because they didn't know what they did at the time.

Another education lobbyist noted that legislators

understood the party line bloc votes that they were to make. They were well-coached where to vote 'yes,' and where to vote 'no.' They may not have understood why...but they knew which way they had to vote.

A business lobbyist explained:

Although the bills were coming very quickly, and people didn't always have a chance to read them or understand the details, there were very few people in the Legislature that didn't have a rough idea of what they were doing.

However, an education lobbyist avowed:

Yeah, well listen, after they voted, there were legislators out there saying "Listen, we're out of the General Fund game, we'll never have to vote for local millages again." I mean you couldn't be more wrong. Yeah, we were out of the millage game. I mean that's what they thought they passed. And you couldn't be further from what happened.

Yet another lobbyist remarked that, given the size of the reform package, errors were simply inevitable:

[F]or the last 28 hours they were running things through to put the whole thing together. Deals were cut. This took hours. Things were being thrown at people. And we came out of it with all kinds of drafting errors. We had the Legislative Service Bureau, the staff from the key committees trying to coordinate it. It was so huge that we were bound to have mistakes.

A leading House lawmaker revealed that the closing hours of the reform process were fraught with concern and fatigue:

That was a long night...I remember at three and four a.m. being called to a chamber and we would sit down and we worked things out. And then, all of a sudden, the bill would come back with some amendments....it looked like almost an impossible situation. And by 10 o'clock the next morning, members were so tired. They had been at it for 24 hours already....they were, you know, sleeping all over, and threatening to go home because it was Christmas Eve.

Legislators agreed that fatigue and the desire to complete business before the Christmas holiday promoted a resolution to the policy crisis. In particular, these factors helped to make the reform process more efficient by prompting legislators to cast the difficult votes to pass a reform package. A senator noted that "the threat of not going on Christmas vacation is an enormous force for agreement," and added that fatigue was a factor as well. Similarly, a leading House lawmaker stated:

[T]he ones who didn't want to put a vote down for any kind of a tax; well, finally they realized that there had to be the votes or they couldn't go home.

Another legislator suggested that consolidating so much activity into the Christmas Eve session was a deliberate tactic on the part of legislative leaders:

[T]hat's one of the tactics that was used by leadership: we'll run this long and hard, we'll wear them down and then we'll get 'em [laughs]....I mean why get someone tired? I mean what is one of the things for interrogation...you wait until they get tired.

Of course, legislators were anxious not only to begin their holiday break but also to ensure that they would not enter 1994 without a reform package in place. In this context, it is instructive to recall the two-thirds majorities that would have been required to give immediate effect to reform legislation passed in 1994 (see Chapters Two and Three). Legislators recognized that it would be much more difficult to secure the

passage of a reform package in 1994 than in 1993. A legislator asserted that the prime time for action had been at hand during the marathon session, and that legislators could not afford to pass it up:

[T]he momentum was there and kind of a self-imposed deadline. You either go with what you've got on the table, and hang onto the seat of your pants, or it falls apart and you aren't able to pick up the pieces.

This legislator appeared to concur with Loomis' (1994: 166) observation that "deadlines force actions in settings that ordinarily encourage deferral and delay; legislative time, patience, and energy simply run out, and further delay means defeat or the imposition of unwanted policy consequences."

Crisis Policymaking and Political Compromise

When I asked lawmakers if the SB 1 policy crisis had hindered compromise or promoted it, they were unanimous in their assertions that the crisis had encouraged it. Compromise was necessary not only in the evenly divided House (comprised of 55 Democrats and 55 Republicans), but also in the Republican-majority Senate (comprised of 22 Republicans and 16 Democrats). Three key factors drove political compromise during the SB 1 policy crisis. First, as noted earlier in the dissertation, most lawmakers -- including everyone from anti-tax Republicans, to moderates in both parties, to liberal Democrats -- faced strong incentives to ensure that the policy crisis was resolved in a timely manner. Second, the school finance reform bills were tie-barred together and *two-thirds* of the members of both chambers had to approve the sales tax reform measure in order for it to be placed on the ballot (as required by the state constitution).

Prior to the SB 1 policy crisis, the Governor and anti-tax Republicans in the state

legislature had strongly favored property tax relief; but, they had been very reluctant to support new taxes in order to provide replacement revenue for the schools.⁷ However, as observed by a senator, the SB 1 policy crisis compelled lawmakers "who had never in their lives voted to raise taxes or replace revenue" in the case of past proposals for property tax cuts "to actually have to do that." On the school quality reform package, discussed more fully in Chapter Six, a leading lawmaker noted that

There were things in there that we wouldn't have put in, but we had to get Democrat votes. We also had to have a two-thirds vote to put this [the school finance reform package] on the ballot.

The SB 1 policy crisis promoted compromise between: a.) Democrats and Republicans, b.) moderate Republicans and traditionally anti-tax Republicans, c.) the Governor and Democratic lawmakers, and, d.) the Governor and anti-tax members of his own party. Thus, a policy crisis can inspire political compromise in general, whether it be across party lines or within parties.

Finally, the SB 1 policy crisis provided an "excuse" for lawmakers to register difficult votes on controversial tax measures. In the Michigan case, when confronted with any potential constituent complaints regarding the eventual crisis remedy adopted, lawmakers could point to the fact that the viability of the public school system had been in jeopardy and that the reform bills were tie-barred.

Crisis Policymaking in a Democratic System

Although closed door negotiations were certainly a significant feature of the

⁷ See the next section of this chapter for further discussion of the Governor and the property tax relief issue.

reform process, elements of democratic policymaking were also evident. For example, various special interests were indirectly represented at the negotiating table; evidence of such is presented in Chapter Six. Second, at various stages of the negotiations process, party leaders held briefings in their respective party caucuses. A member of the Team of 14 remarked that the negotiators could not afford to completely ignore the views of other legislators and interest groups:

And so we said "Let's first try to reach a consensus of our own and have a product which we'll then take on the road....we'll take [it] to our caucus members,...the interest groups, and so on to sell." Meaning that the seven of us from each caucus would have to negotiate from a perspective that what we were agreeing to is something that we could in fact get the votes for from our caucus. But then we'd have to take it out and test it with the interests and so on. [We recognized] *that obviously you can't pass law in secret.* (emphasis added)

A third manifestation of democratic policymaking might be found in the fact that the products of the unofficial closed-door negotiations were channeled through the official standing committees and then onto the House and Senate floors. However, as in the Social Security rescue of 1983 (see Light 1985; 1995), this stage took place late in the process, and occurred rather rapidly. A legislative leader observed:

I think it's fair to say that the negotiation took so long that while the committee process was used, the consensus was put through the committees very quickly.

This state of affairs led a senator to lament:

It's unfortunate that the committees didn't have a chance to work longer and have more involvement in the process. That is the normal way that the Legislature works.

However, many legislators asserted that the school finance issue didn't suffer from a lack

of deliberation, as reflected in the following observations from two senators:

We could have deliberated for two years and it wouldn't have made much of a difference. It wasn't a matter of a lack of understanding.

It was democratic. It was deliberative. We had been deliberating this for 30 years. There was no lack of deliberation. The problem was that we had deliberated ad infinitum.

Legislators I spoke with tended to agree that the reform process was less democratic than the ordinary policymaking process. A leading House member explained:

I mean because the solutions we came up with were compromises, I think it was very democratic in that regardThe fact that it had to be done in such a hurry, did not allow it to be *really* democratic.

While a senator cast a more negative spin on the closing hours of the process:

It was just an unbelievable consolidation of enormous activity into one single evening. In a few hours, they snuck a lot in. If ever there was a lack of public review of the democratic system, it was at that time....The press couldn't even quite figure it out.

A House lawmaker explained that it was necessary to place efficiency above democracy during the reform process because:

If you did it in a true democratic process, where everybody had their two cents' worth, you'd never get off the dime. Because with the status quo there are winners and losers. And you're talking money. And you're talking a lot of it. And you can never move on the tax issues.

Conclusions on the Legislature and Crisis Policymaking

As posited in Key Point 2.1, policymaking mechanisms that favored careful yet efficient policymaking took precedence over traditional legislative procedures during the

SB 1 policy crisis. Special negotiating teams -- especially the House Team of 14 -- and closed-door negotiations assumed extraordinary significance during the school finance reform process. These mechanisms of policymaking were utilized due to the need for an efficient and sensible response to a policy crisis in a policy area fraught with complexity and political controversy. Other mechanisms of efficient policymaking employed during the reform process were the committee bypass, including the pre-conference; the tie-bar; and, the marathon legislative session.

As suggested by Key Point 2.2, the SB 1 policy crisis engendered compromise among lawmakers on a contentious issue. In an important contrast to previous legislative action on school finance, the compromises made in the context of the SB 1 policy crisis ensured comprehensive policy change. The issue of policy change is discussed more fully in Chapter Seven.

Having above focused on how the legislative branch conducts crisis policymaking, in the next section of the chapter I focus on the incentives and actions of the chief executive during a policy crisis.

THE CHIEF EXECUTIVE

For the chief executive, a policy crisis creates the potential for rich political rewards but also the risk of severe political damage. At the national level, there is evidence that the president suffers when a policy crisis is not resolved to the satisfaction of the electorate. For example, in the case of the Iranian hostage crisis of 1979-1981, President Carter's approval ratings soared at the outset of the crisis when he moved to freeze Iranian assets in the United States. However, Carter's image suffered as the crisis

wore on. Weinberg (1977) emphasizes the importance of the crisis-management role of governors. According to Beyle (1990: 201), "how a governor responds to and handles unexpected crises greatly influences how we perceive his or her overall performance as a governor." Indeed, the crisis-manager role of a governor "can virtually overshadow all of the other roles and responsibilities of a governor" (Beyle 1990: 202). A former governor avows that a governor "found wanting in a crisis situation rarely recovers politically" (Matheson 1986: 200).

The complex nature of the policymaking process permits legislators to pass the buck across committee lines, across party lines, from rank and file to leadership, and across chambers of the legislature (Rosenthal 1990: 54). Hence, responsibility in the policymaking process is shared among legislators; it is not fully borne by any individual member. In contrast, governors cannot readily evade responsibility: "[t]he buck normally stops at their desk" (ibid.). Former Missouri Governor John Ashcroft asserts: "[w]hen trouble comes to governors, and it inevitably does, the public expects them to solve the problem, not defend the situation" (Ashcroft 1991: 75).

Governors play a key role in the policymaking process (see Herzik and Brown 1991). However, there has been little systematic empirical or theoretical work on the governor in the role of "chief legislator" (e.g., Jewell 1972; Rosenthal 1990; Bernick and Wiggins 1991; Durning 1991). My study of the SB 1 policy crisis provides insight on the role of the chief executive during a domestic policy crisis. A governor confronted with a policy crisis faces incentives to act swiftly to remedy the situation. She can suffer severe political repercussions if the policy crisis is not resolved to the satisfaction of the

electorate. On the other hand, the governor stands to gain politically if the crisis is satisfactorily resolved. Whether or not the governor has the primary responsibility for a given piece of legislation, the public tends to perceive that "the governor makes it happen" (Rosenthal 1990:25). Hence, a governor stands to reap the bulk of the credit once a policy crisis has been remedied.

Edelman (1964: 78) observes that the political leader personifies and reifies the political process." Governors are commonly the most visible state official and "the public focuses its attention on them, holding them accountable for policies and programs having an impact on their quality of life" (Bernick and Wiggins 1991: 75). Governors enjoy the advantage of being one voice, as compared to the many voices of the legislature. Rosenthal (1990: 35) calls this attribute "the power of unity." With this power, governors are able to "exploit the power of publicity, reaching out to people directly and through the media and developing a positive image and public support throughout the state." Astute governors will employ this power to their advantage during a policy crisis.

Edelman (1964: 76) avows that "[t]he clue to what is politically effective is to be found not so much in verifiable good or bad effects flowing from political acts as in whether the incumbent can continue indefinitely to convey an impression of knowing what is to be done." Just as in ordinary policymaking, governors face incentives to play a leadership role during a policy crisis. According to Rosenthal (1990: 104):

Legislatures expect governors to lead. They rely on the governor to define issues and set the process in motion. Legislatures need not be weak or a rubber stamp to want gubernatorial leadership. If the issue is significant, the

governor's presence and power may be vital in achieving agreement. "What does the governor want?" and "What does the governor want us to do?" are the customary questions raised by legislators in the capitol.

It is important to note that a governor confronted with a policy crisis usually cannot act unilaterally to achieve a remedy. Rather, a governor must work to promote the development of an acceptable solution in the state legislature. Bernick and Wiggins (1991: 87) emphasize that models of the governor as chief legislator must recognize "the interactive nature of executive-legislative relations." They emphasize that governors in pursuit of particular policy goals are usually cognizant of the value of having an open office door and "working" the legislators (1991: 81). Hence, governors face incentives to maintain close contact with lawmakers during a policy crisis. Rosenthal (1990: 40) notes that "[a]s long as the governor wants something, the legislature will be in a position to bargain." The more the governor wants, the stronger the position of the legislature. Rosenthal (ibid.) explains:

The principal source of the legislature's power with regard to the governor stems from the legislature's ability to block the executive. That is its real check. Legislatures can modify, delay, reject, badger, and frustrate governors, and can stop them from doing what they want to do. (Ibid.)

Gross (1991: 18) notes that "the relationships among the governor, his party, and support for the governor in the legislature remain controversial and poorly specified" in the literature. Beyle and Munchmore (1983: 50) contend that the party is no longer the most important instrument of political action for the governor. However, Rosenthal (1990: 35) asserts that "[t]he power of party affords governors a role that directly affects the careers and fortunes of legislators of their own political faith" (Rosenthal 1990: 35).

According to Gross (1991: 18), it is important to consider not only the partisan distribution in the legislature, but also the "cohesion and factional basis of the governor's party in both chambers." Rosenthal (1990: 54) notes that legislators can adopt ideological positions without worrying about the practical implications as long as their constituents are like-minded. In addition, he asserts that legislators "have their own goals, their own programs, and their own constituencies, which must take precedence over the governor's, even if the governor is of their own political party" (ibid.).

Regardless of the party distribution in the legislature, governors who face threats to their high-priority objectives can be expected to make full use of the informal and formal powers at their disposal. Students of the governorship have identified a long list of formal gubernatorial powers, including: tenure, appointment, budget, veto and reorganization powers; staff resources; the right to deliver messages to the legislature; and, the ability to call special legislative sessions (see Schlesinger 1965, 1971; Bernick 1979; Ransone 1982; Beyle 1983; and Kearney 1987). Informal gubernatorial powers are typically construed to include: access to the mass media, the prestige of the office, popular support, negotiation skills, party influence, and political skills (see, e.g., Bernick 1979, Beyle 1990).

Blair (1988: 139) contends that executive policy formation is especially likely in states where the legislature is part-time and unprofessionalized. Arkansas is such a state, and Durning's (1991) study of the 1983 school finance and school quality reform process that followed an Arkansas Supreme Court ruling on the state's system of school finance portrays then-Governor Clinton as having driven the reform process in the state

legislature. Durning (1991) demonstrates how Clinton masterfully employed both informal and formal gubernatorial powers to achieve his controversial education policy goals. Below, I review Durning's discussion of the Arkansas case as it provides a useful basis for comparison with the Michigan case.

According to Durning, Clinton was "the central character" in the education reform process in Arkansas (1991: 135). Clinton and his aides "formulated the legislative reform package, sold it to the public, and led the fight to get it through the state legislature" (Durning 1991: 135-36). Clinton's success in achieving his policy goals can be attributed to the skillful use of his formal and informal gubernatorial powers, leadership skills, and the fact that the Arkansas legislature is not professionalized.

In the Arkansas case, improvement in education had been a theme of Clinton's 1982 gubernatorial campaign. While Clinton told voters he would not raise taxes, he told others that he planned to work to increase the state sales tax and devote the increased revenue to the schools (Durning 1991: 125). Clinton did not put forth any major education reform proposals during the regular session of the Arkansas General Assembly that began in January 1983. The window of opportunity for pursuing his education policy objectives arrived in the spring of that year when the Arkansas Supreme Court initiated a policy crisis by declaring the state's school finance system to be unconstitutional. Clinton perceived that the time was right for pursuing a sales tax increase for education. Instructively, "[h]e could blame the Arkansas Supreme Court for the tax increase" (Durning 1991: 127). While Clinton's window of opportunity resulted from the actions of the judiciary, the actions of the Michigan legislature provided Engler

with a window of opportunity for making good on his pledge to the voters.

Durning's study of Clinton's role in the Arkansas education reform process of 1983 portrays a very proactive gubernatorial role. For example, Clinton talked with all but two of 135 state legislators during the summer following the Arkansas Supreme Court decision; at the close of the summer, he negotiated with interest groups to devise a school aid formula; in the fall, his staff helped to set up citizen organizations to promote his education reform proposals through media advertisements; the Governor also appeared at meetings and rallies across Arkansas; and, at one point in the reform process, his staff organized a weekend telephone campaign during which the objective was to have the first four calls received by each legislator that weekend to be from supporters of Clinton's plan -- this was set in motion to counter a similar lobbying effort expected from the state teachers' union (Durning 1991).

During a special session of the legislature which began in early October and lasted 38 days, most of Clinton's proposed legislation was adopted. Despite authoring the biggest tax increase in Arkansas history, Clinton came out of the education reform process with a boost in his popularity ratings.

Bernick and Wiggins (1991: 88) assert that the more independent and professional a legislature is, the more difficult it is for the governor to dominate it on policy matters. As indicated in Chapter Three, the Michigan legislature is among the most professionalized in the nation. In contrast to less professionalized legislatures that convene only part of the year and have limited staff resources, such as in Arkansas, the powers and resources of the Michigan legislature enable it to be more independent in

dealing with the governor.

An acceptance of the notion that non-professionalized legislatures promote gubernatorial leadership in policymaking -- as contended by Blair (1988) -- need not imply that professionalized legislatures are immune to gubernatorial influence. Indeed, if Clinton perceived that it was wise to take the above actions (and more), in pursuit of his policy goals, we would expect that a governor facing a professionalized legislature, such as Engler, would be motivated to be at least as active in pursuing his most valued policy goals. The Michigan legislature has a wealth of resources which can be used to counter any policy proposal put forth by the governor. Hence, we might surmise that Engler needed to be at least as active as Clinton in pursuing his policy objectives.

Based on the preceding discussion, the following Key Point has been developed:

Key Point 2.3: A policy crisis presents not only the opportunity for a chief executive to reap political rewards but also the risk of political damage. Therefore, during a policy crisis, the chief executive is highly motivated to promote legislative consensus on a remedy.

GOVERNOR ENGLER AND THE SB 1 POLICY CRISIS

Property tax relief had been Engler's most salient campaign promise in 1990 (see Weissert 1992). The SB 1 policy crisis provided an invaluable window of opportunity to fulfill this promise. In addition, as discussed in Chapter Six, the Governor was able to exploit the crisis to achieve a separate policy goal -- legislation permitting charter schools. Governor Engler faced incentives to accept the risks involved in signing SB 1 due to the political rewards that he could reap from a successful remedy to the policy

crisis.

When Governor Engler chose to sign SB 1 into law and, in effect, create a policy crisis, he also chose to accept the risks that such a crisis entails. If the policy crisis was not resolved to the satisfaction of the voters, Engler stood to lose his next election and his life-long career in politics could be finished. Engler could be blamed for signing SB 1, for not exercising a strong leadership role, and for failing to deliver on his 1990 promise to secure property tax relief.⁸ Even if Engler worked very hard to promote a solution and an impasse was largely the fault of the legislature, the voters were not likely to be sympathetic to the Governor.

As governor, and as an astute politician, Engler could predict that he would enjoy the bulk of the credit for producing an acceptable solution to the policy crisis. Indeed, several Republican legislators with whom I spoke noted that, in 1994, their constituents were especially pleased with the Governor for delivering property tax relief. Finally, it is politically advantageous for a political leader to be on the winning side of a ballot issue. In his support for a June 1993 property tax ballot measure, Engler had invested a good deal of political capital and had put his political prestige on the line. Unfortunately, for him, the measure was defeated at the polls. In contrast, Engler was on the winning side of the issue when voters approved Proposal A in March 1994. Due to the risks and opportunities discussed above, Governor Engler was highly motivated to ensure that the legislature produced an acceptable remedy to the policy crisis.

⁸As noted in Chapter Two, Engler's margin of victory over the incumbent Democrat in 1990 was less than 1 percent. See Chapter Two for further discussion of the 1990 campaign.

According to Bernick and Wiggins (1991: 82-3), the skill with which a governor fulfills the role of chief legislator is determined by five factors: *political experience*, *electoral ambitions*, *policy goals*, *sense of history*, and *personal style*. Below, I apply these criteria to Governor Engler in the context of the SB 1 policy crisis.

Engler had ample *political experience* going into the policy crisis. Elected to the Michigan legislature right out of college, Engler is a "professional politician" (Weissert 1992: 151). He served eight years in the House and 12 years in the Senate, the last six of which he served as Senate Majority Leader. Among the advantages enjoyed by governors with legislative experience, are a "sense of what is legislatively possible," personal contacts established during legislative service, and a "healthy respect for the legislative process" (Rosenthal 1990: 71). Hence, Engler's lengthy experience in the House and Senate had provided him with a keen understanding of both the motives and goals of legislators, and the intricacies of the policymaking process. "The power of experience" gave Governor Engler what Rosenthal (1990: 35) calls "the know-how and the know-whom that come in so handy in political life."

Legislators in Michigan are cognizant of Governor Engler's political experience.

As stated by a legislator:

[H] comes from the House, he comes from the Senate. I mean he knows the system. He knows how to work it. He knows most of the players involved.

Another legislator recounted the following incident:

The Governor came to a Republican caucus, I think it was before Senate Bill 1, and he got up at a blackboard and he was like a schoolteacher. And we had a discussion about school finance reform.....I had a staff member sitting there

TABLE 4.4: Governor Engler - A Brief Biography

GOVERNOR JOHN M. ENGLER
Republican

- 1948 - Born 12 October in Mt. Pleasant, Michigan.
- 1966 - Graduated from Beal City High School.
- 1969 - Elected president of his dormitory at Michigan State University.
- 1970 - Defeated an incumbent to be elected to the Michigan House of Representatives at age 22.
- 1971 - Received Bachelor of Science degree, agricultural economics, Michigan State University.
- 1972 - Defeated an incumbent to be elected to the Michigan House after re-districting.
- 1974 - Re-elected to the Michigan House.
- 1975 - Married Colleen House.
- 1976 - Re-elected to the Michigan House.
- 1978 - Defeated an incumbent to be elected to the Michigan Senate.
- 1981 - Received law degree, Cooley Law School, Lansing, Michigan.
- 1982 - Selected to be the Michigan Senate Republican Leader.
- 1984 - Re-elected to the Michigan Senate, selected to be the Senate Majority Leader.
 - Divorce.
- 1990 - Defeated an incumbent to be elected Governor of Michigan.
 - Married Michelle DeMunbrun.
- 1994 - Re-elected as Governor of Michigan.
 - Engler triplets born.

who had been working for us for 30 years, and he said "You know, no other Governor that I've worked with could do this." I knew exactly what he meant but I articulated it so I didn't misunderstand. I said "You mean there's no other governor who would know the details of an issue enough to discuss it [like that] with a legislative caucus." He said "That's exactly what I mean."

Second, only the ignorant would question Engler's *electoral ambition*. In his ascent to the governorship, Engler had defeated four incumbents, and he sought re-election in 1994. Although Engler's chances for re-election in 1994 might have been helped by the fact that his Democratic opponent was widely viewed as too "liberal" for the Michigan electorate, many observers have suggested that regardless of who his opponent might have been, the credit Engler received for his handling of the SB 1 policy crisis had clinched his re-election. Clearly, Engler has displayed "progressive ambition" (Schlesinger 1966). During the policy crisis, the Governor experienced tension from not only his current constituency, but also from that of the higher political office to which he aspired. At least one veteran Republican legislator perceived progressive ambition in Engler's conduct during the SB 1 policy crisis. The legislator asserted that Engler's "prime motivation" was "to look good nationally."⁹

Third, with regard to *policy goals*, Bernick and Wiggins (1991: 82) state: "one would expect a politically ambitious incumbent attempting to demonstrate political strength to seek approval for several significant policy initiatives." Governor Engler seized the SB 1 policy crisis to try to gain approval for several of his policy proposals;

⁹ Since the Republicans gained control of Congress in November 1994, Engler has had an increasingly visible presence on the national political stage. In 1995, political pundits touted Engler as a viable vice-presidential or even presidential candidate.

namely, property tax relief, interdistrict school choice, and charter schools.¹⁰ Success on these proposals would richly enhance the Governor's ability to fulfill his political ambitions -- in his 1994 re-election bid and in any potential bid for national office.

Fourth, Engler demonstrated a *sense of history*. It is not uncommon for a governor to want to be remembered as "the education governor" for having left a positive legacy of education reform (see contributors to Behn 1991). As discussed in Chapter Six, Engler has demonstrated a desire to be remembered as an education reformer. Bernick and Wiggins (1991: 82) assert that "[t]he governor who wants to be remembered understands the need to be involved in the legislative process." A policy crisis which occurs on the governor's watch will virtually guarantee that she is "remembered." How she manages her role in the policymaking process leading up to the resolution of the crisis -- and, importantly, the public's perception of that role -- will determine her political standing after the policy crisis has subsided.

Finally, Bernick and Wiggins' (1991: 82-83) fifth criterion affecting a governor's role as chief legislator is *personal style*. This factor pertains to the governor's perception of his proper role in the legislative process. Bernick and Wiggins (1991: 84) assert that "[g]overnors who retreat from the use of power will render enormous resources useless while those who embrace it will find a deep reservoir." As illustrated throughout the remainder of this section of the chapter, Engler's conduct during the reform process demonstrated political acumen. He was neither hands-off and meek nor domineering and head-strong. In an analysis of gubernatorial styles in Florida, Colburn and Sher (1980:

¹⁰ The second and third policy goals are discussed in Chapter Five.

182-83) found that governors who exercised friendliness in an attempt to achieve cooperation from the legislature ran the risk of exercising too little leadership. Governors who preferred confrontation and sought to blame the legislature for impasses met with little success. The most successful governors were those who were not afraid to challenge the legislature, but who also believed in negotiation. Governor Engler's role in the reform process adhered closely to the third category delineated by Colburn and Sher.

Governor Engler and SB 1

Astute observers of Governor John Engler recognize his supreme political skills. Legislators from both sides of the aisle describe him as "a political animal" and "a masterful politician." In July 1993, the Senate was considering an Engler-backed bill -- the "original" Senate Bill 1 -- to cut property taxes by 20 percent. Democrats were generally opposed to the bill due to the lack of a provision for replacement funds for the schools. In a meeting with the Governor and Republican legislative leaders, the Senate Democratic leadership claimed that they were going to propose a total repeal of the school property tax on the Senate floor. Engler and the Republican leaders in the room were not convinced that this would really occur, nor did they know that it would be Senator Debbie Stabenow -- a contender for the 1994 Democratic gubernatorial nomination -- who would propose the amendment to Senate Bill 1. As recounted by one of the Republican leaders who was present at the meeting:

There had been discussion earlier in the day that the Democrats might put that amendment up as a means of embarrassing the Republican senators on their plan for property tax relief. And we sort of jokingly, at an earlier

meeting with the Governor, talked about "well if they do it, let's support it."

Another Republican leader who was in attendance at the meeting reported that the Governor had thought out his response ahead of time:

[T]he Governor, I remember, said he doubted they would offer it, but if they did, we should grab it, because it would be an opportunity.

One interpretation of the Stabenow proposal views it as a purely political move, borne of campaign politicking, that backfired. A more complex interpretation of the Stabenow amendment, while not absolving her of any political motive, holds that she believed in the merits of the amendment and deserves credit for being the lawmaker who made the bold move that forced change. A Republican senator who knew Stabenow on a personal level, and had talked with her the evening she offered the amendment, told me that he perceived her action to be motivated by both politics and a belief in the merits of the proposal.

According to a Senate Democrat, the 20 percent cut in property taxes backed by Engler was "going to kill the schools but [was] likely to pass because of the political nature of the problem." The question for Stabenow and her Democratic supporters in the Senate became: "Is there a way to change the nature of the debate?" Completely abolishing the school property tax, without making provision for replacement revenue, was certain to alter the parameters of the debate over property tax relief. This bold act would force legislators to make the tough decisions required in order to match a cut in property taxes with replacement revenue that would adequately finance the schools. It is important to recognize that SB 1 not only created pressure for tax-resistant legislators

to vote in favor of replacement funds, it also provided a politically acceptable *excuse* for voting for tax increases. Since over \$6.5 billion in school taxes were abolished by SB 1, the voters understood that replacement funds had to be found somewhere.

After Senator Stabenow introduced her amendment, several anti-tax Republicans spoke in favor of it on the Senate floor. When it became apparent that several Republicans were going to vote in favor of the Stabenow amendment, Senate Majority Leader Dick Posthumus stopped session for a few minutes and went to talk with the Governor. An aide to the Governor recalled the following conversation with Engler: "Governor,...as we had talked about this morning, they offered it. Are you sure you still want to take it?" The Governor replied "I want it." In the view of many, the Governor had decided to call Stabenow's bluff when he signalled the Senate Republicans to vote in favor of the amendment. Two Democratic legislators, observant of Engler's political perspicacity, described the scenario as follows:

He assessed the politics of the situation and knew that she handed him a golden egg. Politically, there is none any better in the state than John Engler. You may not like his politics, but politically he's pretty darn astute.

And of course, you don't play chicken with the Governor. He's a very crafty, clever, shrewd individual. And he saw an opportunity and he jumped on it and said "I'll support that."

The day after SB 1 was passed by the Senate, it was sent to the House for a vote. Under the power sharing agreement devised to cope with the 55-55 party split in the House, the Democrats and Republicans alternated leadership control every month. In July, the Republicans had control of the House; hence, they were able to ensure that SB

1 came to a rapid vote. A member of the House Republican caucus explained:

There was fairly substantial support for moving ahead. We talked it out. And I was convinced that if we didn't do it the following day that people would begin to question whether it was a good idea. So I felt that we had to move fast if we were going to do it at all.

The House Democrats caucused and Democratic Co-Speaker Curtis Hertel did not seek to dissuade caucus members from voting for the massive tax cut since doing so could be a black mark on their records, especially in competitive districts. Meanwhile, the Governor worked to ensure that the House passed SB 1. He met with the Republican caucus and encouraged legislators to support the bill. A Republican legislator recalled:

The Governor came into caucus, sat down. I remember precisely him staring at me and saying "Some of you are going to have to make one of the hardest decisions in your political career today, that I'm asking you to make."

Managing the Spin Governor Engler appeared on newscasts the night SB 1 passed in the Senate. From that point on, the Governor's Office aimed to ensure that Engler was favorably associated with SB 1 before the public. A Democratic legislator commented on the skill of the Governor's staff in managing the mass media at this critical point in time:

[T]hey're very good. By the next day they had their spin together, and they said that they had done this and they had tricked [Stabenow]. And I really think that part of the way his spin was able to take hold was because he's viewed as politically astute.

Engler signed SB 1 in August 1993 surrounded by school-aged children in front of a one-room school house at Greenfield Village in Dearborn. The bill-signing ceremony was a strategically planned media event which encouraged the public perception that the

Governor was responsible for forcing much needed change.

In the end, Stabenow was the "fall woman" of the SB 1 policy crisis, while Governor Engler was applauded. After having been a favorite for the Democratic nomination, Stabenow suffered a political backlash from Democratic constituency groups. Many of these groups had privately wanted to see Engler's 20 percent cut pass so that he might suffer the political consequences of the negative impact the cut was expected to have on the schools. The Michigan Education Association, which had supported the Stabenow amendment the day it was offered, backed another candidate for the Democratic nomination. Many of the Democratic and Republican legislators I spoke with, as well as many other observers, suggested that Senator Stabenow was not given ample credit for her role in initiating the historic reform process.

An interest group lobbyist noted that "Ms. Stabenow had to spend time saying that she was the one that initiated the amendment." In early 1995, the same lobbyist remarked: "If you ask people today, the whole package was Governor Engler's. It totally got away from her." A senator summarized the situation as follows:

[H]e picked it up. Even though she had started it, it was considered from that point onward to have been the Governor's plan. So she didn't get the credit.... She got all the criticism. He got the credit...It was the best of all possible political worlds [for Engler]. She gave him the campaign issue upon which she would lose and he would win. He would get the credit and she would get the criticism.

Rosenthal (1990:25) notes that the public tends to perceive that the governor is responsible for legislation whether or not he has had the primary responsibility for it. Instructively, credit for the bold move of SB 1 (and its outcome) was attributed to

Governor Engler.

The October Address

Given the volatility of the issues at stake and his strong need for a satisfactory solution, Governor Engler had to exercise great care in choosing his moves during the reform process. Bernick and Wiggins (1991: 87) contend that a legislature's response to a governor is partly a function of "the extent to which lawmakers view the governor's role behavior as congruent with their perceptions of proper gubernatorial behavior." After the bill-signing ceremony, Governor Engler took some time to make his next move.¹¹ This came in early October 1993 when he addressed a special session of the legislature and presented his proposals for reform. The hour-long speech, entitled "Our Kids Deserve Better! New Schools for a New Century," was broadcast on radio and television stations across the state. As noted by Rosenthal (1990: 104), "[l]egislatures expect governors to lead. They rely on the governor to define issues and set the process in motion." A legislator confirmed that he and his colleagues had indeed expected Governor Engler to take the lead and offer guidance to the legislature:

You know, many of us were anxiously waiting, after the passage of Senate Bill 1, for what the Governor's recommendations would be. And it took them [the Governor's Office] quite awhile to put that together. And then when they did come together with it, that gave us our point of reference. It didn't mean we were going to accept *carte blanche*, nor did we, everything that he proposed.

¹¹ Dr. Douglas Roberts, the State Treasurer, was a key aide to the Governor throughout the SB 1 policy crisis. Other aides who contributed to the development of the Governor's reform plan included Dr. Michael Addonizio, Assistant Superintendent of Public Instruction for Research and Policy; Mr. Nick Khouri, Chief Deputy State Treasurer; and, Mr. Mark Hilpert, member of the Michigan Tax Tribunal. Mr. Jeff McAlvey, Governor Engler's Director of Legislative Affairs helped manage Engler's relations with the legislature during the policy crisis.

But he gave us a framework of what he wanted in terms of replacement.

Edelman's (1964: 76) observation that political effectiveness is fundamentally rooted in whether the incumbent can convey an impression of knowing what is to be done is aptly applied to Engler's October address. Despite the fact that Democrats and Republicans alike quickly recognized weaknesses in the reform plan put forward by the Governor, he had conveyed an impression to the mass media, and to the masses, of "knowing what is to be done."

Engler's October address helped to establish the broad outlines for school finance reform.¹² His plan was centered on a sales tax hike but also included new taxes: a real estate transfer tax and a tax on tobacco products (he also proposed a major hike in the existing cigarette tax). A Senate leader characterized the address as "the opening salvo" of the reform process and added that legislators could now begin to negotiate. Another legislator elaborated upon this point, emphasizing that Engler's address served as the necessary first step of the reform process:

[T]he Governor was critical in terms of... [making] the first step in October of 1993. The summer vote was an easy vote because that was to eliminate taxes. But then if we were going to open the schools, you had to increase taxes, and nobody wanted to be the first one to suggest what form the taxes would take. So the Governor stepped up to the line with his finance proposal and the members of the legislature used that.

The weaknesses of the Governor's plan included inadequate funding for the

¹² Importantly, his address also placed school quality reform on the policy agenda. This is discussed in Chapter Six.

schools and the absence of a statutory back-up plan should the Governor's proposed ballot measure -- centered on a sales tax increase -- fail. A legislator with close ties to the Governor stated:

I firmly believe...that he proposed his version of school finance reform knowing that it would never fly in the House. But he didn't want his fingerprints on an income tax increase as a fall back plan....He's certainly a student of politics and government, but he knew where the House probably was going to be going on this, because there weren't any other places to turn other than the income tax.

Monitor and Cue-Giver

After the Governor's proposal languished in the House and Senate for several weeks, the House Team of 14 was established and the momentum of the policy process shifted to this Team. Action in the Senate stalled due to partisanship and dissension within the Republican ranks. As a result, the Governor focused his attention on the House; in particular, upon the Team of 14. According to an Engler aide, the Governor had mixed views of the Team of 14:

They were at various points frustrating. At some points, we thought the Republicans were traitors. And at other points they [the Team] had some good ideas.

This aide seemed to confirm the observation by the legislator quoted earlier that Engler did not want to be associated with initiating unpopular proposals. The aide remarked that the Team of 14 "were useful because they threw out some ideas and we could see how people reacted to them without us having to bear the responsibility of making the proposals." Hence, the Governor could watch the Team of 14 float trial balloons and gage the response to calculate his next best move in terms of political costs

and benefits. As noted in the previous section of the chapter, the Governor and the Senate were somewhat surprised by the House approval of a reform package which included as an option an increase in the income tax. The level of support in the House for the income tax option demonstrated to the Governor that such an option was politically viable.

From October through November 1993, Governor Engler tended to play the role of monitor and cue-giver. He monitored the negotiation teams in the House and Senate and signalled whether he found their proposals acceptable. Having put forth his recommendations, he now left it up to the legislature to fulfill its responsibilities. According to many participants in the reform process, the Governor had "a bottom line," but was also willing to compromise on items in the reform package. A Republican member of the Team of 14 described the Governor's role as follows:

It wasn't a question of leadership, it was a question of indicating what he would be willing to sign. But without being all that specific....One of the...things that would be the kind of thing that the Governor was talking about would be that he didn't want the...share of the overall tax mix to be any heavier on business than it already was....[O]n the other hand, the Democrats were insisting that it not be any less. So that made it real easy to decide "OK, we want to keep the share the same as it is now."

Another Team member explained:

The Governor had publicly stated that there were certain things he felt were necessary....Frankly, if we would have given him a proposal that embodied the income tax only, he wouldn't have signed it. We knew that we had to have something other than the income tax.

Thus, there were certain things that the Governor "just couldn't tolerate," and he

signaled those, but "he pretty much let the dynamics take a life of their own in the House." A member of the Team of 14 explained that the Governor did not try to take control of the negotiations:

The Governor did not say he wanted this proposal and "by golly, bring it back to me."... I mean obviously he has been described as being more important, but actually the Governor...didn't try to influence the process other than some basic parameters. He left it to us as a legislative responsibility.

The manner in which Governor Engler defined his role in the reform process following SB 1 indicated a well-planned political strategy. He had demonstrated a leadership role in "getting the ball rolling" in October 1993. Then he adopted a kind of "wait and see" stance in dealing with the legislature. However, he did not fully remove himself from the process. He was close enough to the negotiations to have a significant impact on the proceedings, but publicly distant enough to be able to deny responsibility for any potentially negative fallout. A member of the Team of 14 characterized the situation as follows:

I think at that point in time the Governor recognized that it was best for him to politically have a solution out there. He knew it was going to be very difficult for the legislature to come up with a real answer. And if you're involved in that process and nothing happens, I think you take the political fallout from that. And I think he decided to keep an arm's length from the process.

Governor Engler did not directly participate in the meetings of the House and Senate negotiating teams. However, he was in his office each evening and communicated with the negotiators. Team leaders would "get on the phone and say 'Well, what do you think? Can we do this?'" or they went up to meet with the Governor in his office. A

member of the Senate negotiating team expressed frustration over the fact that something might be worked out in negotiations only to have the Governor inform the negotiators through a third party that he didn't approve of the item:

On everything, we had to always go to the Governor and find out whether he'd accept it. The person who was OKing everything was John Engler....if you're going to play that role, why don't you come and hear the discussions?

Nonetheless, negotiators in the House and Senate could not afford to ignore the Governor. As a lawmaker explained:

He had to be aware...because we didn't have the time to send it to him, let it be vetoed, and then come back to be reworked. He had to be apprized of and giving his blessing to the package as it moved through.

A Democratic member of the Team of 14 stated:

If he didn't like the agreement, it wasn't going anywhere. So, the Republican members of the bipartisan team, before they were making any agreement, were certainly talking to the Governor. And if they couldn't convince him, we [Democratic members of the Team] were talking to the Governor.

In accordance with Bernick and Wiggins's (1991: 81) observation that it is important for governors to keep an open office door and to "work" legislators, lawmakers I spoke with repeatedly stated that the Governor's door was open, and that he met personally with both Democrats and Republicans; negotiators and non-negotiators; and, both leadership as well as rank and file members of the legislature.

When the 31 December 1993 deadline drew near, the SB 1 policy crisis became more serious and the Governor sensed that he now needed to play a more active role in

the reform process -- both behind-the-scenes and in the view of the public. Indeed, both Democratic and Republican legislators I interviewed repeatedly volunteered that the Governor was most active during the last two weeks of the reform process.

Knowing When to Compromise

A senator observed that, during the SB 1 policy crisis, Governor Engler had been "willing to buy things in a reactive sort of way that in other circumstances he wouldn't have bought. And in fact, some of the reversals that he's taken subsequently suggest that he agreed to things he didn't want to agree to." Engler had recognized that a favorable resolution to the policy crisis would necessitate political compromises on his part.

As his first term of office progressed, Governor Engler had exhibited a willingness to compromise or to alter his policy positions regarding property tax relief and school finance reform. At the beginning of his first term of office, Engler's focus was on property tax relief rather than school finance reform. His policy proposals were centered on cutting property taxes without specifying how the lost revenue for the schools would be replaced. That is, his proposals for property tax relief were not accompanied by tax increases to make up for the lost school revenue. Instructively, he changed his mind in early 1993 when it became evident that there was significant bipartisan support for property tax relief accompanied by school finance reform.

In early 1993, the Senate had approved an Engler-backed property tax cut with no make-up funding for the schools. At the same time, a plan developed by the BLT (discussed in Chapter Two) that coupled property tax relief with school finance reform was receiving bipartisan support in the House. Significantly, this plan made provision

for replacing the school funding that would be lost due to a property tax cut. The BLT plan made it out of the House Taxation Committee and onto the House floor, and was predicted to have a sufficient number of Republican votes in order to pass in the House. At this point, the Governor backed off from the Senate plan and informed House Republicans that he would support a ballot proposal for property tax relief which included a hike in the sales tax to replace the lost funds. As a result, the BLT plan lost support among House Republicans and died.

The instructive point for this discussion is that once the Governor observed that there was sufficient support for the notion of accompanying property tax relief with replacement funds, he altered his position against any tax increase. As explained by a Republican legislator:

I think Governor Engler was mainly interested in property tax cuts. Being a very good politician, however, he's always open to other points of view....

A member of the BLT observed:

I think at that point, the Governor...saw not only the public policy strategic value of...being a leader on this, but he also saw the political value....Prior to that, he only saw political value in a property tax cut posture, and didn't see much in a more...rational response to school funding.

According to a second BLT member, when confronted with bipartisan support for the BLT plan, the Governor recognized "This thing is going!" The BLT member added:

...I think it was Will Rogers who said "When you're being run out of town on a rail, grab a stick, stand tall, strut and make it look like a parade and you're leading it." And that's what the Governor did. All of a sudden, he said "Hey, this is a great idea, we're going to do this, we've got some components here we can work with, but it's going to be my package."

Finally, another BLT member observed:

Once he saw there was bipartisan, strong Republican support for replacement funds, then his issue became "Well, what should be the source of those funds?" You know, then it became property versus sales tax. He no longer was arguing no makeup.

Despite this significant change in Engler's position, he remained adamantly opposed to a hike in the income tax as a means of funding the schools. As indicated earlier, an income tax increase was not a part of the reform package the Governor put forth in October 1993. Yet, late in the reform process, to the dismay of Senate Republicans, and several Republicans in the House as well, Engler decided to endorse an income tax hike as a statutory fall-back measure should the voters reject a ballot proposal centered on a sales tax hike. Engler softened his previous opposition to an income tax increase because he recognized the politics of the situation. A legislator reflected:

[T]he Governor wasn't particularly hip to the idea of having an income tax increase, but he knew that he really had no choice...because he knew that he had to get something on the ballot....And again, the Republicans didn't have...total control in the House....So he had to compromise, to at least tolerate, that if his proposal didn't go through, or at least the one that he supported, then as Governor, he'd be stuck having to defend an increase in the income tax.

The Governor had several reasons to feel confident that the income tax increase would not actually be implemented. First, public opinion polls that pitted a hike in the sales tax against an income tax increase demonstrated that the public favored the former. Second, Engler's October proposal that the cigarette tax be increased from 25 cents to

75 cents per pack was incorporated into the ballot plan. In contrast, the cigarette tax was set to increase by just 15 cents in the fall-back plan. Several Democratic and Republican legislators I spoke with highlighted that a hefty cigarette tax was of strategic value for the Governor. A Republican member of the Team of 14 who had opposed using the cigarette tax to fund the schools reflected on the political acumen demonstrated by Engler in pushing for such a measure:

I never would have thought that out, but that may have been the genius of the Governor. He...thought that [the cigarette tax] was an important part. And [the Governor's Office] had done their research. They had studied 10 other states that had tobacco referendums up and they had all passed.

The legislator added that the cigarette tax did not have good growth potential for the state school aid fund and that the amount of revenue predicted to be derived from the tax was "peanuts" in the whole school finance package. Nonetheless, the Governor recognized the strategic value of a dramatic hike in the cigarette tax. According to a business group lobbyist, Governor Engler

had called it right from the get-go, that if we put tobacco on the ballot, that people in the state of Michigan will vote for that. And...this is so John Engler, he's always three steps ahead of even the best politician in Lansing...he is a phenomenal politician. He is an animal at it.

Engler knew that the cigarette companies would attempt to defeat the ballot proposal and that this would play into the hands of the Proposal A campaign. Indeed, the tax became a major focus of the Proposal A campaign led by the Governor. Advocates of the ballot plan focused their strategy on attacking the tobacco interests, referring to members of the industry as "death merchants." Governor Engler stated

"There's only one thing that can stop us and that's Joe and Josephine Camel" (Bell 1994). "High visibility for governors means that the issues highlighted by them draw the attention of the media and consequently the public" (Bernick and Wiggins 1991: 75). Hence, Governor Engler used his position to help focus the attention of the public on the unpopular tobacco interests.

A third justification for Engler to feel confident about consenting to an income tax hike as a fall-back plan was the fact that the Michigan Education Association would oppose the ballot plan. At a time when the image of the organization was increasingly tarnished in the eyes of the electorate, an MEA alliance with the tobacco interests could only help the Governor's cause. As stated by a senator with close ties to the Governor:

I mean the Governor made it very clear early on that he felt he would win this campaign no matter what if we were running against an income tax, the tobacco industry and the MEA. I mean those are three...that he said "We'll run against all day and win."

A Democratic legislator seemed almost in awe of the Governor as he discussed the political skills demonstrated by Engler:

I've grown to realize that once super strength of John Engler is ... he has a very good cast of advisers who are extremely strong intellectually. And they use what's before them to their advantage. They'll do their homework, do their research, understand their authority, their abilities, their options, and then reckon with it....I've also learned that he and his advisers are a group of folks that don't fear anything.

Coping With the Senate Republicans

According to a Democratic member of the Team of 14, the Governor had the "predominant role" in the reform process:

You know, there were three parts of this...the House, the Senate and the Governor. And the Governor was two-thirds of it. Because he controlled the Senate and himself. So he was the major player.

However, Bernick and Wiggins (1991: 87) emphasize "the interactive nature of executive-legislative relations," and Rosenthal (1990: 40) notes that "[a]s long as the governor wants something, the legislature will be in a position to bargain." The more the governor wants, the stronger the position of the legislature. Indeed, as discussed below, at a late stage of the process, the Governor's control of the Senate was called into question. It was 15 December 1993, when Engler reversed his long-standing opposition to an income tax increase by indicating that he would be willing to approve a temporary income tax increase until voters could be asked to increase the sales tax. The Senate Majority Floor Leader reported that Republican senators were "shell-shocked" (Johnson and AP 1993).

On 16 December, Governor Engler demonstrated leadership in presenting two revised reform plans to the legislature -- a ballot plan and a statutory plan to go into effect should the ballot proposal be defeated.¹³ The ballot plan was centered on a hike in the sales tax while the back-up plan was based on an increase in the income tax. Each of the plans was supposed to raise \$9.5 billion for the schools. This amount was \$500 million more than had been agreed upon in a plan backed by Senate Republicans, and \$600 million less than the allocation of a House-passed plan. Early on 17 December, Engler thought that a successful bipartisan agreement was close at hand. He had even

¹³ The basic structures of the plans were similar to those devised by the House Team of 14.

agreed to raise the total school spending to \$10.1 billion. However, the Republican Senate proved unready to settle just yet.

While the Governor had worked with the House to achieve bipartisan consensus on a school finance reform package, the issue left the Senate "paralyzed" into mid-December. A House lawmaker complained that the legislature could have been done two weeks earlier "had the Senate been willing to essentially belly up at the bar and vote for some kind of tax." Hence, the Governor could be found in the Senate Republican caucus warning members: "You've gotta do something."

Rosenthal (1990: 75) asserts that governors "realize that their success in the legislature depends upon legislators perceiving them as strong." On 17 December, in a private meeting with the Senate Republican caucus to garner Senate Republican support for his compromise plan with the House, Governor Engler attempted to demonstrate strength. One of the senators present told me that the gathering was a "raucous affair." Some of the Senate Republicans were apparently angry that the Governor had been devoting so much of his attention to working with the House. Republican Senator Fred Dillingham told the media that Engler had taken the Republican caucus for granted (Christoff 1993). Some of the caucus members were unhappy with the change in Engler's position on the income tax, and they also felt that the Governor had agreed to a plan that was too expensive.

During the meeting, Engler reportedly irritated the Senate Republicans by contending that he could get 14 of their votes for his school finance plan and that they could not agree on a plan of their own. Senator Phil Hoffman (R) bet the Governor \$5

that he was wrong (Christoff 1993b). Engler lost the bet when, at 1:30 a.m. on 18 December, Senate Republicans boldly passed their own plan; a plan that was widely perceived as unrealistic. The Senate plan was based on a ballot proposal to increase the sales tax. If the Senate plan was approved by voters, an income tax cut would also occur. If voters rejected the sales tax hike, property taxes would be rolled back just 20 percent rather than the 65 percent cut created by SB 1. Spending for the schools was set at about \$9.5 billion, and there were to be \$1 billion in unspecified budget cuts.

At this point, a Republican House lawmaker explained that it was "not just a matter of bringing Republicans and Democrats to a middle ground. It's a matter of moving the House and Senate Republicans to a middle ground" (Hoffman and Borowski 1993). Indeed, there were clear differences in the positions of the House Republicans and the Senate Republicans. House Republicans, as well as Senate Democrats, were focused on relieving property owners of the burden of paying for the schools. Senate Republicans were particularly fearful of raising the income tax -- partly due to the 1983 voter recalls of two Democratic senators who had voted in favor of an income tax increase -- and they wanted major budget cuts as well as a tax cut.

One of the Governor's long-time Republican associates told me there was one night in December when he had never before seen the Governor so depressed. Another leader explained that, due to the deep divisions between the House and the Senate, there began to be real concern about the prospects for the passage of a plan by the end of the year.

The display by Senate Republicans raises important questions about the party

linkage between the chief executive and the legislature. As indicated earlier, Gross (1991: 18) notes that the research literature is inconclusive with regard to partisan legislative support for governors. While Beyle and Munchmore (1983: 50) contend that party is no longer the most important instrument of political action for the governor, Rosenthal (1990: 35) asserts that "the power of party" retains significance for executive-legislative relations. A Republican senator agreed:

If the chief executive is of your party, then many members of the legislature pin their re-election hopes on the strength of the chief executive. And, you know, maybe he'll come and visit a fundraiser...or maybe if he runs strongly in my area, then I'll do better through the coattail effect.

Similarly, a veteran Democratic legislator explained:

There are some who would do anything the Governor asks because he's in a position of power that he can make them important in their districts and he can make sure that they get bridges and docks and roads and those kinds of things. So there are some, andlet's face it, that's the way our government works.

Gross (1991: 18), emphasizes the importance of considering not only the partisan distribution in the legislature, but also the "cohesion and factional basis of the governor's party in both chambers." Rosenthal (1990: 54) suggests that legislators can adopt ideological positions without worrying about the practical implications as long as their constituents are like-minded. He contends that legislators' own programs and constituencies "must take precedence over the governor's, even if the governor is of their own political party" (ibid.).

The Senate Republicans demonstrated that legislators of the same party as the chief executive will not simply defer to his leadership during a policy crisis. This

appears to be in contrast to foreign policy crises at the national level, in which the legislative branch typically defers to the leadership of the president. A Republican senator with whom I spoke suggested that legislators were less apt to defer to the Governor's leadership on the school finance issue than on many other policy issues due to the "extreme salience to the public" of the school finance issue. The senator analyzed the situation as follows:

Number one, most of us had well-defined views on this issue that we had already espoused and committed to publicly, so it's very hard to back away from that just because the Governor wants you to. Number two, many are invested on the merits, intellectually and emotionally. This was of high emotional salience in the legislature, and political salience was high. When salience is low it's easier to defer to others than when it's high. And it had varying impacts on our districts that we represented. And they were all intensely focused on the issue. There'd be political consequences to you personally. You can't just do the opposite of what everyone in your district was focused on. This wasn't like an issue that no one cared about. This was of intense concern to the people in all of our districts. So we couldn't just go and say well "I just did this because the Governor wanted me to even though it hurt all of the people I represent very badly."

Price (1978) defines a publicly salient issue as one on which there is broad public awareness and concern; and, Weissert (1991) demonstrates that legislators stand to gain from association with salient issues. Clearly, the interrelated issues of property tax relief and school finance reform were salient issues in 1993. Thus, the political nature of the issues at stake required Governor Engler to exercise careful negotiating skills in order to ensure a favorable remedy to the SB 1 policy crisis.

Down to the Wire

A few days after the Senate passed its relatively radical reform plan, the Governor worked intensively with a small group of the top party leaders in the House and Senate to try to build a compromise package. On 22 December, Engler held an 8 p.m. press conference at which he declared that he and legislative leaders had reached an agreement on a tax package that would give voters a choice between the sales tax and the income tax. Here, it is important to note that this was another instance in which the Governor enjoyed the advantage of being one voice, as compared to the many voices of the legislature. Astute governors will "exploit the power of publicity" to foster favorable images of themselves. By calling the conference for 8 p.m., the Governor could gain positive coverage on 11 p.m. newscasts across the state, as well as in the next morning's newspapers.

Unfortunately, for Engler, this rosy scenario was not to be. Minutes after he concluded the press conference, the Democratic House Co-Speaker, Curtis Hertel, announced: "There is no deal" (Christoff 1993b). There was bipartisan agreement on the total amount of school funding, but the distribution of the funds was still a matter of dispute. Significantly, the issue of school quality reform -- which Engler himself had placed on the policy agenda in October -- was also a stumbling block at this stage of the reform process (see Chapter Six).¹⁴

Ultimately, the Governor played an important role in bringing the legislature to

¹⁴ In particular, cross-district schools of choice -- a policy advocated by Engler -- remained a contentious issue.

consensus on a reform package. His office door remained open to meet with legislators during the wee hours of the morning as the process drew to a close. Legislators I spoke with reported meeting with the Governor "at 1 and 2 a.m." on 22 December and 23 December. They agreed that the Governor had been especially involved during the last few days of the process in December:

[W]hen we had the long sessions and the half night sessions and the three quarter night sessions and the all night sessions, the Governor was over in his capitol office...doors open.

On 23 December, agreement on a package had been reached. The final legislative session of 1993 began at 10 a.m. that day and was concluded 26 hours later, shortly after noon on 24 December. A House Republican lawmaker reported that the Governor was "right there in the backroom" helping to get 28 Republican votes for each of the tax measures. A Senate Republican who registered one of the difficult votes for the income tax increase contained in the back-up plan explained:

I agreed with the Governor that if we could campaign against the income tax, the cigarette companies and the MEA, the likelihood of us losing was not all that great.

Conclusions on the Chief Executive and Crisis Policymaking

Beyle contends that "[t]o a large extent, leadership success is structured by the opportunities faced" (1991: 17). Hence, students of the governorship are advised to ascertain whether a governor has made the most of his or her opportunities (ibid.). The preceding examination of the role of Governor Engler in the reform process suggests that he made the most of his opportunities. In the first place, Engler seized the opportunity to induce the SB 1 policy crisis and then engaged in credit-claiming for the bold move.

Second, through the bill-signing ceremony in August and the October address to the legislature, the Governor skillfully framed the dimensions of the reform agenda surrounding the SB 1 policy crisis. Finally, the Governor exercised the power of his position to promote legislative consensus on a solution to the policy crisis. When it became politically expedient to change his stance on an increase in the income tax, he did so.

Engler's role in the SB 1 policy crisis differed from that of the legislature. As discussed earlier, crisis policymaking in the legislature entailed alterations in the ordinary procedures of policymaking. In contrast, the Governor utilized the formal and informal powers traditionally at the disposal of chief executives. The bill-signing ceremony and the address to the joint session of the legislature were key formal powers exercised by the Governor in the early stages of the SB 1 policy crisis. Throughout the policy crisis, Engler relied more heavily upon his informal powers (e.g., signalling his approval or disapproval during the legislative negotiations, meeting individually with legislators, helping to guide consensus on a reform package, and managing media relations) to promote his objectives. Hence, in the case of the chief executive, the SB 1 policy crisis did not inspire the use of extraordinary tactics. Instead, Governor Engler's approach to the SB 1 policy crisis largely entailed exercising his informal powers, albeit more often and more intensely than under ordinary conditions of policymaking.

In signing SB 1, Engler risked political damage, but also seized an opportunity to pursue rich political rewards. As posited by Key Point 2.2, the political repercussions of failing to find a remedy to the policy crisis, and the potential rewards of achieving

such a remedy, motivated Engler to work carefully to promote legislative consensus on a reform package. His political strategy and tactics proved skillful. A political opponent in the Michigan Senate spoke about the Governor's role in the reform process in a thinly veiled favorable tone when he stated that "I don't think his activity was counterproductive at all."

As predicted by the literature, Governor Engler reaped the bulk of the credit for the resolution to the SB 1 policy crisis. As observed by a Republican legislator: "When those tax bills came, people were saying 'Bless John Engler! Bless John Engler!'"

CONCLUSIONS ON THE LEGISLATURE AND THE CHIEF EXECUTIVE IN THE CONTEXT OF A POLICY CRISIS

The legislature and the chief executive are the key actors in the policymaking process. An analysis of the roles of each in the context of a policy crisis suggests that such a crisis presents different opportunities and threats for different actors in the policymaking arena. Below, I discuss several conclusions on legislatures, chief executives and crisis policymaking that can be drawn from the Michigan case.

For the legislature, a policy crisis provides the justification for two types of actions. First, the imperative to act within a restricted time frame during a policy crisis provides legislative leaders with a plausible reason for reducing the scope of conflict. Policy crises inherently involve deadlines; and, as Loomis (1994) points out, deadlines tend to concentrate power. A credible remedy to the crisis is needed, and time is of the essence. Hence, the heavy reliance upon the Team of 14 and closed door negotiations during the SB 1 policy crisis. Further, the regular committee process was largely

bypassed during this crisis.

Under ordinary conditions of policymaking, such procedures are unlikely to be well-received by rank and file lawmakers. However, during a policy crisis, lawmakers are likely to recognize that such procedures are integral to the timely resolution of the crisis. Lawmakers faced with a policy crisis can be expected to accept deviations from ordinary procedures when such deviations are aimed at producing an outcome that is clearly in their interest. This is especially the case if lawmakers have created the crisis in the first place because, if an acceptable remedy does not materialize, lawmakers run the risk of losing credibility before the electorate.

Second, a policy crisis provides cover for legislators who must cast controversial, difficult votes. In the face of potential criticism from interest groups or the general public, lawmakers can blame their votes on the pressures and demands of crisis policymaking; in particular, they can blame their votes on the imperative for a timely solution in such a situation. Further, the highly salient nature of the school finance and property tax issues provided the justification for lawmakers to favor what they perceived to be the public interest over the special interests in this case.

Crisis policymaking is not legislative business as usual. During a policy crisis, lawmakers are likely to abandon traditional mechanisms of policymaking in favor of procedures that promote the development of a careful yet efficient remedy to the crisis.

The political threats and opportunities inherent in a policy crisis appear to have somewhat stronger implications for the chief executive than for the legislature. First, the weight of responsibility for solving a policy crisis rests more heavily on the chief

executive than on the legislature. As noted earlier in the chapter, the public expects the chief executive to ensure that a policy crisis is satisfactorily resolved. Chief executives who are not up to the task face severe political repercussions.

Second, the political opportunities for the chief executive presented by a policy crisis provide positive incentives for a chief executive to work diligently to ensure a legislative remedy. In the game of credit-claiming for popular legislative outcomes, chief executives typically prevail over legislators. Interestingly, crisis policymaking does not appear to alter the way the chief executive interacts with the legislature. Rather, during a policy crisis, the chief executive uses the traditional policymaking tactics at his disposal, albeit more intensely than under ordinary policymaking.

Third, the SB 1 case provides insight on the political incentives for a chief executive to consent to an endogenously induced policy crisis. Surely, the chief executive is likely to suffer politically in the face of a failure to satisfactorily resolve a policy crisis. However, the political repercussions may not be borne solely by the chief executive. In a case where legislators have voted to purposefully create a perilous situation, they may not be able to escape blame should the crisis not be adequately remedied; i.e., it is likely to be difficult to plausibly shift all of the responsibility for a legislative failure to the chief executive. Therefore, while the chief executive takes a risk in signing a bill which creates a policy crisis, she may gain confidence in the realization that legislators who voted in favor of the bill are likely to sense a similar imperative to ensure that the crisis is resolved. As discussed earlier, this is because each legislator who voted in favor of the bill has put his credibility on the line.

Although of key importance, the legislature and the chief executive are not the only actors of relevance during a policy crisis. In the next chapter, I examine the roles of interest groups and the general public in the context of the SB 1 policy crisis.

Chapter Five

Crisis Policymaking: Interest Groups and The Public

INTRODUCTION

In the previous chapter, the crisis policymaking roles of the legislature and the chief executive were examined. The focus of this chapter is on the roles of two other actors with a stake in a policy crisis. An examination of the incentives and activities of interest groups during crisis policymaking is followed by an analysis of the role of the general public during a policy crisis. Two Key Points are advanced and evidence from the Michigan case is provided for each point.

INTEREST GROUPS

Hrebenar and Scott (1990: 210) contend that "the pattern of lobbying in the states has moved closer to that of Washington, D.C." Lobbyists in the states have become more professional and their strategies and tactics have become more sophisticated (ibid.). Hence, the insights found in the literature on interest groups at the national level can enhance our understanding of interest group politics at the state level. Here, I review relevant contributions from both the national- and state-level interest group literatures.

According to Tierney (1992: 206), members of Congress are unlikely to be concerned about an "amorphous perception" of how the general public feels about a given issue. Rather, legislators pay attention to whether there is a mobilized group of

citizens who care intensely about the issue and are likely to act politically on their views (ibid.). Salisbury (1979: 222) observes that organized interest groups are "the chief means by which citizen activism is brought to bear on state and national educational policy."

Tierney (1992: 209) notes that interest groups can gain a great deal by cultivating direct relationships with lawmakers who are in key leadership positions. Thomas and Hrebenar (1990: 146) also emphasize the importance of such relationships, stating that "groups that have lobbyists who have long-standing and close relationships with policymakers are usually the most successful." As discussed later in this section of the chapter, interest groups confronted with the SB 1 policy crisis relied heavily upon these established relationships.

According to Wolpe (1990: 45), there are two routes by which a lobbyist can access legislators: expertise and contributions. On the first point, expertise, Schlozman and Tierney (1986) highlight the utility of information as a resource by which lobbyists can gain access to members of Congress. In their study of interest group politics in Michigan, Browne and Ringquist (1993) found that Michigan interest groups serve as policymaking partners with state officials. Browne and Ringquist (1993: 128) observe that a number of established interest groups in Michigan are "expected participants whose advice and proposals are thought of by policy makers as a routine part of the policy process in Michigan." As indicated in this section of the chapter, even during a policy crisis, Michigan policymakers expected interest groups to have some input into the policy process.

With regard to Wolpe's second route for lobbyist access, contributions, Jewell and Olson (1988: 154-57) highlight increased campaign costs for state-level elections. Thomas and Hrebenar (1990: 128) contend that the increased role of interest groups in campaign finance has been largely responsible for their increased prominence and power over the last decade. Eighty-five percent of the Michigan legislators who responded to a survey conducted by Browne and Ringquist (1993: 139) stated that lobbyists were helpful in raising campaign funds while 11 percent of the respondents considered them indispensable. Interest groups active in the reform process following the passage of SB 1 tended to be well-established organizations with significant resources for campaign finance donations. Thomas and Hrebenar (1990: 146) state:

Well-financed organizations with full-time staff and good lobbyists are at a decided advantage in the battle to influence public policy. Group membership enhances group power, especially if membership is geographically dispersed throughout the state. Usually the larger the membership, the easier it is to raise funds to maintain an effective lobbying effort.

Students of interest groups acknowledge that the extant literature lacks both a coherent theory of interest group influence and sound evidence of interest group effectiveness in the policymaking process. Petracca (1992a: 348) observes that there is no unifying theory or set of theories to guide interest group research. Austen-Smith and Wright (1994: 25) observe that "the influence of organized interests in the legislative process is unclear." Similarly, Tierney (1992: 216) highlights the difficulty of determining who or what has made a difference in the outcome of a particular political conflict and for what reason. Finally, in his review of a decade's worth of research that

explores how interest groups influence the actions of Congress, Smith (1995: 122) contends that our understanding of interest group influence has improved over time yet "remains quite tentative."

Tierney (1992: 216) suggests that pronouncement of an interest group "victory" on some issue might offer false evidence of lobbying effectiveness since the policy outcome might have resulted more from other factors (e.g., the unsolicited intervention of the chief executive or by key legislators) than from interest group activity. Alternatively, conclusions that an interest group has "lost" on some issue might "mask the degree to which the outcome would have been worse for the group if it had not become involved at all" (ibid.). These observations are useful for evaluating interest group performance during the SB 1 policy crisis.

Kingdon (1995: 199) states that interest groups are often able to block consideration of proposals they do not prefer. Are interest groups similarly effective during a policy crisis? Light's analysis of the Social Security crisis of 1982-83 suggests that interest groups will focus on opposing policy options rather than supporting policy proposals (1995: 81). The SB 1 policy crisis offers additional insight here.

Kingdon (1995: 199) also observes that, when it comes to setting the policy agenda, "when organized interests come into conflict with the national mood and elected politicians, the latter combination is likely to prevail." Hence, the imperative for legislative action during a policy crisis can be a significant disadvantage for interest groups opposed to policy change.

Based on the preceding discussion, the following Key Point has been formulated:

Key Point 2.3: *The imperative for lawmakers to act, and to act quickly, during a policy crisis is a disadvantage for groups whose interests are at stake during a policy crisis. Such interest groups tend to assume a reactive position during a policy crisis, focusing their efforts on opposition to policy options rather than support for policy proposals.*

INTEREST GROUPS AND THE SB 1 POLICY CRISIS

The scope of organized interests with a stake in the Michigan school finance reform process was vast. While there was some activity on behalf of citizen groups that were advocating for tax relief or for school quality reform, the most active groups can be classified into two main sectors: groups representing the education community and groups representing the business community. The most active groups from the education community included: the Michigan Education Association (MEA), the Michigan Federation of Teachers (MFT), the Michigan Association of School Boards (MASB), and the Michigan Association of School Administrators (MASA). Among the most active groups from the business community were: the Michigan Chamber of Commerce (MCC), the Greater Detroit Chamber of Commerce (GDCC), the Michigan Association of Realtors (MAR), the National Federation of Independent Businesses-Michigan (NFIB-MI), the Michigan Manufacturers Association (MMA), and Detroit Renaissance (DR) -- an organization comprised of the CEOs of the largest corporations in Southeast Michigan. See Tables 5.1 and 5.2 for the years these groups were founded and their respective number of members.

At the outset of the policy crisis, interest groups were caught off guard: none had

Table 5.1: A Sample of Business Groups Actively Pursuing Their Policy Objectives During the SB 1 Policy Crisis

Group Name	Year Founded	Number of Members
Detroit Renaissance	1970	36
Greater Detroit Chamber of Commerce	1903	6,000
MI Association of Realtors	1915	28,000
MI Chamber of Commerce	1959	6,000
MI Manufacturers Association	1902	3,500
National Federation of Independent Businesses-MI	1943	23,000

Table 5.2: A Sample of Education Groups Actively Pursuing Their Policy Objectives During the SB 1 Policy Crisis

Group Name	Year Founded	Number of Members
MI Association of School Administrators	1938	1,825
MI Association of School Boards	1949	4,200
MI Association of Secondary School Principals	1911	1,800
MI Education Association	1852	127,000
MI Federation of Teachers	1934	27,000
TEACH Michigan	1990	2,000

expected that lawmakers would abolish \$6.5 billion in property taxes. According to one legislator, the passage of SB 1 had left interest groups "frantic" and yelling "The sky is falling! The sky is falling!" Indeed, interest groups were generally shocked by the passage of SB 1. While all interest groups shared this element in common, their initial emotions about the consequences of SB 1 ranged from hopeful to fearful. Business groups tended to be hopeful at the outset of the policy crisis, while education groups were rather fearful.

In the words of an education lobbyist, Michigan "took 20 years to get out to sea and decided that our boat didn't work anymore so we sank the ship." This lobbyist stated that education groups were initially fearful that the overall funding for the schools was going to be reduced. A predicted reduction in funds "without any corresponding reduction in requirements" was viewed as cause for concern among education interests.

Legislators with whom I spoke recounted various experiences that support the contention that the SB 1 policy crisis initially inspired a sense of panic among education groups. For example, a Team of 14 member recalled:

I got a phone call one day from one of my school board members who demanded that any bill, before it was taken up in my committee, be sent to the local school board and that they passed "yay" or "nay" on it before I voted on it. I just told them to get lost.

The legislator added that a more rational attitude began to take hold as the reform process took shape:

But then in the heat of this battle, I was called to my community and told what a great job I was doing, and how important I was in school finance reform and that they were going to leave me alone...and give me...elbow room

and freedom.

Another education lobbyist recalled that, in the initial stages of the policy crisis, the interest groups had been skeptical as to whether the legislature "could put this thing back together" (several legislators I interviewed had sensed such skepticism, and some had also shared it). However, additional interviews revealed that some education groups were hopeful about the potential for the policy crisis to induce much needed change. For example, an education lobbyist (offering another analogy for the SB 1 event), explained the position of his group as follows:

We really felt...that the legislature jumped off the diving board into an empty swimming pool. It was a very dangerous thing for them to do. But we also, unspokenly, said "this may force the issue." Because up to that point, we had spent 20 years...trying to fix the problem from the outside. And it really was going to take an overall threat ...to actually make some changes. So I guess it was more a fear of the unknown than a fear of what was done.

Business groups initially tended to view SB 1 as an opportunity for favorable tax reform. As explained by a business group lobbyist:

We saw the adoption of Senate Bill 1 in the Senate and quick action in the House as...breaking the logjam. It might more accurately be viewed as dynamiting the logjam. But at least it got things moving again.

However, once business groups absorbed the fact that replacement funds would have to come from somewhere, their attitude quickly changed from hope to concern. A lobbyist for another business group told me that while the passage of SB 1 was initially viewed as an opportunity for positive change, as the reform process began to take shape, "it became a substantial threat." Similarly, a lobbyist for yet another business interest

recalled:

Initially we were kind of like, "Hey, this is a bold move. This has got some real possibilities." Until they started doing the replacement....And then we hit the roof. We saw that as a threat.

Interest Group Goals

Senate Bill 1 served to create a political climate in favor of policy change. Importantly, interest groups were anxious to see the development of a satisfactory resolution to the policy crisis. As explained by a senator:

Traditionally, what's happened, why it took in excess of 20 years to move school finance reform is because one special interest or another killed it along the way. And that was one of the reasons for defining it in July as we did. Because we knew at that point it became more important to these interest groups to have resolution than not having resolution. In the past, the status quo was always more comfortable than change. And in this circumstance, change would be more comfortable than the status quo.

The senator further noted that the crisis "changed the posture and approach of the interest groups which traditionally had been the ones to block property tax reform." The SB 1 policy crisis created a situation in which such interest groups recognized the imperative for a solution. Nonetheless, they were quite concerned about the form this solution would take.

Education groups were primarily concerned about replacing the revenue lost due to SB 1 rather than the sources of that funding. Education groups advocated a reduction in the per pupil spending gap between the highest spending school districts and the lowest spending districts. However, few wanted this gap to be narrowed at the expense of the higher spending districts.

Business groups were, of course, very concerned about where the replacement funding would come from. Business groups generally did not want to see a net increase in school funding. Rather, they favored eliminating the perceived wasteful spending in the existing school finance system and devoting the savings toward improving the schools. Business groups wanted property tax relief and did not want to see their taxation burden made any heavier. Small business, for its part, wanted any new tax burden to be fairly shared by the entire business community.¹

Interest Group Access to the Reform Process

In my interviews with legislators, they repeatedly stated that there was a deliberate attempt to block the influence of interest groups in the reform process. Comments such as "[t]he whole process was structured to block out interest groups, so that the public's concern would come to the fore" were common. A Team of 14 member explained that while a reform package would eventually need the support of interest groups, the development of that product needed to be shielded from interest group influence:

We knew that ultimately what we came up with had to have the support of the interest groups. But we also knew that historically, when we tried to get the education association, the school boards association, the chambers of commerce to reach consensus we just got ourselves pulled apart en route.

Aside from indicating the incentive for protecting the negotiations from direct interest group participation, the above quote highlights the fact that legislators

¹ Interest group goals with regard to school quality are discussed in Chapter Five.

nevertheless cared about the positions of the organized groups. According to Tierney (1992: 206), legislators care about mobilized groups of citizens who care intensely about an issue and are likely to act politically on their views. Thus, as legislators worked to resolve the policy crisis, they faced incentives to ensure that the crisis remedy was accepted by the interest groups. For example, through the referendum process in Michigan, interest groups can mobilize their resources toward overturning policies approved by lawmakers. Indeed, the MEA had mounted a petition drive in order to pursue a referendum election on SB 1 if the legislature did not resolve the policy crisis to its satisfaction. Second, an interest group can use its financial and membership resources to target legislators for electoral defeat. As indicated later in this section of the chapter, this second reality weighed heavily on the minds of many legislators.

Legislators whom I interviewed said that interest groups were frustrated by the closed-door negotiations. A member of the Team of 14 who had witnessed this frustration remarked: "Oh yes, and that's good!" and chuckled. However, when I asked interest group representatives if they felt that they had been shut out of the process, all contended that they had been able to have input. While participation in the closed-door negotiations was restricted to legislators and their staff, many lobbyists felt that their groups' interests had been represented in the closed-door deliberations. In discussing the deliberations of the Team of 14, an education lobbyist remarked: "Our voice was being heard loud and clear in the back of the 14." The lobbyist explained that a member of the Team of 14 was close personal friends with many of the education lobbyists and that other Team members had their contacts as well:

And so it might be over a cup of coffee that [a legislator] would say "What do you think about this idea? What do you think about that idea?"....You know I could go through and name all 14 and who influences them. Not only educators. Some of the members of the 14 were very influenced by members of the business community. And so conversations took place outside of the room, but the influence of those conversations would come into the room.

As noted earlier, Tierney (1992) and Hrebener (1990) each emphasize the value to interest groups of longstanding relationships with lawmakers. During the SB 1 policy crisis, various interest groups benefitted from longstanding relationships with members of the Team of 14. An education lobbyist emphasized this point, stating "if you hadn't built up your rapport with the members of that group," the reform process "would have been very frustrating." A business group lobbyist explained:

I'm so close to the system, you know, I mean every day. These people are not only people I work with and colleagues, people I try to influence. They're my friends. The legislators and the staff.

Legislators also spoke about the significance of longstanding interest group-legislator associations. A Team of 14 member stated that "the interest groups had their vehicles to the conversations...just by the nature of who we are and what we were up to." Similarly, another Team of 14 member explained that the influence of the lobbyists "was one step removed from the process" and that "their concerns were represented." A senator explained that "every legislator knows a lot of these people personally, so they exercised a role."

Business groups had access not only to the legislative negotiators; they also enjoyed better access to the Governor than the education groups. This enabled the

business interests to influence the negotiations indirectly, via the Governor. As explained by one business lobbyist, the Team of 14 "would make a decision, communicate with the Governor, the Governor would invite us in and say 'OK, this is where they're at, what do you think?'"

Nonetheless, a business lobbyist recalled that "[t]he Team of 14 thing was annoying, a little bit" in that the interest groups did not have direct access to the negotiations process. However, similar to some of the disgruntled legislators mentioned earlier in this chapter, the lobbyist recognized the utility of the special team, closed-door format. The lobbyist reflected:

And I can see why, in some regard, because their concern being: where do you draw the line? Everybody in the world was involved. Everybody was protecting their interests or promoting their interests. Whatever it might be. There were people promoting gambling.... There just wasn't enough time to listen to everybody. And what they were trying to do was just focus and get it done and say "this is what we've got." And I think that annoyed some people, but at the same time there was intent behind it as to why they were doing it.

Similarly, an education lobbyist stated "I understand the legislative process" and added that the closed-door format "wasn't a problem" for him. He stated that the closed door meetings permitted "Democrats and Republicans to be people and not put the party first."

According to a business lobbyist:

[I]nterest groups in general felt like "OK, come on, you know, if you're going to meet, fine, do this. But take our input. You know, we represent your constituencies as well."

Interest group representatives told me that the legislative negotiators had been very

receptive to printed information from interest groups during the reform process. And a member of the Team of 14 recalled:

We had files and files and files of input from all of the interest groups....it wasn't even just concerns, it was suggestions and ideas on how to handle it. I mean we just had stacks and stacks and stacks of correspondence and written testimony. As a matter of fact, some of it we used, some of it we didn't use.

Another Team of 14 member noted that at the outset of the reform process, legislators were already well-informed about the positions of the various relevant interest groups. Legislators had heard a great deal from interest groups on the issues of property tax relief and school finance reform over the previous two years, and "very little new input" was offered by interest groups during the reform process.

When I asked legislators to describe interest group activity during the reform process, the most frequent response they volunteered was that the lobbying was "very intense." A veteran lobbyist stated that the policy crisis spurred "the most intense activity I'd ever seen in the lobbying business before." A legislator recalled:

[T]he lobbying around here by virtually every school organization, every teacher organization, by the state Chamber [of Commerce], by several other groups, was absolutely incredible....I mean legislators were just...really sick of it....[T]hey were even sick of people that they agreed with. You know, it was like "Would you please leave me alone?"

In the Michigan case, both business and education groups sought to mobilize their membership to contact legislators. As explained by a business group lobbyist:

[W]e were talking with our members. Keeping them informed on the ever changing, by the minute, play by play, as much as we could. And then we were

encouraging *them*...to contact their state representatives...a lot of the debate occurred in the House....And then we communicated with our members to shift over to the Senate when the debate went to the Senate.

A lobbyist for another business interest group suggested:

[O]ne thing that we didn't have working for us in the business community is that we didn't have a lot of grass roots support. The MEA has I don't know how many thousands of teachers. Just an incredible communication network. And the business community just doesn't have that kind of instant grass roots support.

Interestingly, however, when I later asked about this group's lobbying strategy in the legislature, the lobbyist confidently replied that "we really didn't believe that there was anyone we couldn't get to." It should be noted that the NFIB-MI and the MAR were among the business groups that were indeed able to mount grass roots campaigns in an attempt to influence the reform process. In addition, business interests such as DR and the MCC frequently utilized their access to the mass media during the policy crisis in order to communicate their positions to the public and to policymakers.

Thomas and Hrebenar (1990: 46) emphasize that the interest groups best equipped to influence public policy have several characteristics in common: they are financially healthy; they have full-time staffs and skilled lobbyists; and, their memberships are large and geographically dispersed. Two key interest groups with a significant stake in the outcome of the SB 1 policy crisis were the MAR and the MEA. These two groups, one from the business community and one from the education community, worked vigorously to protect their interests during the reform process.

Fortunately, for the teacher and realtor interests that they respectively represented,

both groups enjoyed the traits of influential interest groups delineated by Thomas and Hrebenar above. For example, a computer analysis of state campaign records of political action committee contributions indicated that the MEA's political action committee was the top donor to Democratic House and Senate candidates in the 1991-92 election cycle (Bell 1993). The MEA was the tenth largest PAC contributor to Republican House and Senate candidates during the election cycle. The MEA contributed \$914,000 to Democratic candidates and \$65,952 to Republican candidates.² As for the realtors, "RPAC," was the second largest PAC contributor to Republican candidates in the 1991-92 election cycle, donating \$128,000 (Bell 1993).³ Hence, both the MEA and the MAR had records of significant campaign financing abilities.

In addition, Wolpe (1990: 36) contends that grassroots mobilization is "the difference between success and failure" for an interest group. Of the groups active during the reform process, the MEA and the MAR mounted the most extensive grass roots campaigns. Thus, it is instructive to analyze not only the strategies and tactics of these two groups in the context of the SB 1 policy crisis, but also the extent to which they were able to achieve their policy goals.

The Michigan Association of Realtors

For the MAR, the seemingly pleasant surprise of SB 1 was followed by a much less welcomed surprise in early October 1993. The latter surprise came when Governor

² Almost all of this funding was channeled to House members since members of the Senate did not face election until 1994.

³ The realtors did not place in the top 10 PAC contributors for Democratic candidates. The largest PAC contributor to Republican candidates in 1991-92 was the Detroit Auto Dealers Association PAC at \$133,880 (Bell 1993).

Engler, whom the MAR had counted as an ally, proposed a new four percent tax on real estate transfers.⁴ The Governor had not consulted the MAR prior to including this provision in his proposed package of school finance reforms. After the Governor proposed the new tax, the MAR quickly concentrated its resources in order to remove this threat to its interests.⁵

The 25,000 members of the MAR provided a useful base for grass roots activity. Unlike the MEA, discussed below, the MAR did not solicit a special contribution from its members during the policy crisis. Instead, the leadership of the MAR focused on mobilizing its membership for grass roots political action. Members of the MAR were repeatedly advised to call legislators and the Governor in order to "beat down the transfer tax."

Lobbyists for the MAR focused their lobbying efforts on the Governor, meeting with him several times. In addition, MAR lobbyists had "extensive conversations" with the House and Senate leadership. The MAR also attempted to influence other legislators by being "in their face every single day." After weeks of relentless lobbying, when an MAR representative would walk into a legislator's office, my interview respondents reported that the response was typically, "Oh dear God, the realtors again. What do you want?"

Tierney (1992: 217) observes that interest group pressure on members of Congress is less likely to produce results if it is met by opposing pressure. The MAR

⁴ The tax amounted to \$40.00 for every \$1,000 of property value transferred.

⁵ The MAR was also opposed to having two different levels of mills for homesteads and nonhomesteads.

was fortunate in that none of the other interest groups on the scene during the reform process were actively promoting a real estate transfer tax as a means to fund the schools.

Legislators with whom I spoke agreed that the realtors were very active and very visible. As in the case of teachers, most legislators are acquainted with several realtors.

A legislator explained the influence of realtors and teachers as follows:

I've always said the most powerful lobby in Lansing is the realtors, although you don't see them involved in that many fights. The reason is not because of money, not because of lobbyists, it's because...[e]very legislator knows two dozen realtors. Whereas maybe we only know one doctor or two lawyers. They're influential because there are a lot of 'em. Well, I think the MEA partly has influence because there are a lot of teachers. I go to school buildings every week. You know, my kids are out of school now, but I walk down Main Street and I run into teachers that I know.

The Michigan Education Association

The MEA's primary school finance goal was full replacement funding for the schools. Second, the group also preferred to see increased funding for the schools. Third, the MEA wanted to see funding for the lower spending districts brought closer to that of the higher spending districts. Finally, the association sought more funds dedicated to the professional development of teachers.

According to Tierney (1992: 218), "money may be the most important of the resources" that an interest group can mobilize in its attempt to influence policymakers. Money is fungible and can be converted into other political resources such as lobbying staff, campaign contributions, and paid advertising. The 123,000 members of the MEA provided a formidable, ready base of lobbying funds and grass roots political action. After the passage of SB 1, the MEA solicited special contributions of \$45 from its

37,000 retired and nonteaching members and \$90 from its 90,000 full-time teachers. The MEA also sent extra lobbyists to Lansing to advocate for its goals. Teacher members of the association made regular calls to legislators as well as visits to the capitol during the reform process. Further, the MEA ran advertisements in the mass media encouraging the public to take part in the reform process.⁶

In comparing Democratic and Republican legislators, the Democrats have long been viewed as being beholden to the MEA. A Republican senator commented:

Even if they disagree on the merits with the MEA. You know, they'll admit to you privately they'll say "You know what? I agree on the merits, [but] I can't do this because of the MEA." I doubt if they'll tell you that...But everybody knows that now.

It is important to note, however, that the MEA and Democratic legislators tend to share the same philosophical perspectives on public education and the proactive role of government.

For their part, Republicans whom I interviewed said that they could not afford to ignore the MEA during the reform process. For example, when I asked a Republican legislator if he and his colleagues were generally ignoring the MEA during the reform process, he responded: "No, absolutely not." The legislator recalled that some of his

⁶ E.g., a full-page MEA advertisement in an October edition of the *Detroit Free Press* begins "Mommy, what will happen to my school? OUR CHILDREN'S FUTURE IS AT RISK. Michigan's public schools face a serious crisis, and the debate over how to fix it is generating a lot of talk from our elected officials. Talk that only adds to the confusion and uncertainty -- and makes it even harder to explain to our children why politics have so much to do with their education." The advertisement proceeds to encourage "parents and educators" to work together and to "pay very close attention to what our elected officials are *really* saying...because politics have already played too big a role in shaping our schools." The advertisement concludes that school reform is "TOO IMPORTANT FOR JUST POLITICS TO DECIDE" (MEA 1993).

colleagues had said "we have to do this in a fashion where it doesn't look like we're just beating up on the MEA." Republican members were particularly respectful of the MEA's ability to fund challengers in party primary races. According to a Republican member of the Team of 14: "they were threatening because they could get you... They could finance your opponent with thousands of dollars in political action money."

Similarly, another Republican legislator commented:

They have very, very deep pockets and they're able to fund contenders. They're almost a bottomless pit when it comes to revenues. And they're able to finance and mobilize, and in certain districts that is certainly a factor.

Legislators perceive that MEA members vote. For example, a Republican legislator guessed that 95 percent of the MEA membership votes on a regular basis.

Assessing MAR and MEA Effectiveness During the SB 1 Policy Crisis

In evaluating the influence of the MAR, it should be noted that the group was unable to convince policymakers to completely remove the real estate transfer tax from the school finance reform package adopted. However, evidence indicates that the efforts of the MAR were largely responsible for the fact that the tax was ultimately reduced from the original four percent proposed by Governor Engler to .75 percent in both the ballot school finance reform plan and in the statutory back-up plan.⁷ When I asked

⁷ In the reform package passed in 1993, the real estate transfer tax was 2 percent in the ballot plan and 1 percent in the back-up plan. In early 1994, state budget analysts released revised projections of a state budget surplus. On 10 February, the Senate voted 31-3 to cut the tax to .75 percent (\$7.50 per \$1,000 of property value transferred) in both the ballot and statutory finance plans. In the House, the Republicans used their new temporary majority (three Democratic seats were vacated in early 1994) to require the House Taxation Committee to release a transfer tax bill similar to one passed by the Senate. On 16 February, the bill passed in the House by a vote of 76-28, with only Democrats voting against it. Two days later, Governor Engler signed the bill. The transfer tax had been a major source of dissatisfaction among

legislators whether the reduction in the tax could be attributed to the efforts of the MAR, all responded "yes." Thus, it is plausible to assume that the outcome of the policy crisis would have been much worse for the realtors had the MAR not lobbied so intensely against the real estate transfer tax. However, it should be emphasized that the SB 1 policy crisis did engender the adoption of a new tax that was against the interests of the MAR; hence, the policy crisis was ultimately a disadvantage for the MAR.

The effectiveness of the MEA is not as clear. The funding lost due to SB 1 was replaced, the total amount of schools funding was increased, and additional funding for professional development was approved by the legislature.⁸ However, the MEA was not the only actor advocating for each of these. Many of the key legislators who were involved in the negotiations to develop a remedy to the policy crisis wanted to see the SB 1 funds replaced and the overall schools funding increased. Many of those who were involved in the decisionmaking to develop the school finance reform package placed a high priority on reducing the per pupil spending gap between the highest spending and the lowest spending school districts. Few wanted the extra money necessary in order to narrow this gap to be derived at the expense of the higher spending districts. Thus, a net increase in the overall state funding for the schools was favored. Further, a

realtors. Thus, the higher rate in the ballot plan made the Governor and other proponents of Proposal A uneasy. The change in the tax helped to head off active opposition to Proposal A on the part of realtor interests.

⁸ Two other school quality measures advocated by the MEA were approved: a mandatory core curriculum and mandatory "site-based decisionmaking." It should also be noted that the MEA "lost" on charter schools during the reform process of 1993. These items are discussed in Chapter Six. Further, the MEA was strongly opposed to Proposal A which passed in March 1994.

substantial increase in funding for at-risk students was a part of the increase in the overall funding for the schools, and this provision was not an MEA initiative.

Tierney (1992) writes about interest group "losses" that could have been worse had it not been for an interest group's efforts. Taking this line of thought a step further, it also seems possible that a victory could have been even better if lobbying efforts had been better. In the Michigan case, it might be contended that the outcome of the policy crisis could have been better for the MEA if its lobbying efforts had been better.⁹ Thomas and Hrebenar(1990: 131) state that it is important "not to equate presence with power. Just because a group or interest is active in state politics does not by itself assure its success in achieving its goals."

The MEA was widely viewed by legislators as reactive and obstructionist during the reform process. While Republican legislators were generally more negative than Democrats in their assessments of the MEA in the reform process, several of the Democratic legislators I spoke with were rather frank in their criticisms of the MEA role during the policy crisis. One such legislator, who considers himself to be an ally of the MEA, lamented the group's focus on blocking and neglect of advocacy during the reform process. This legislator suggested that the MEA could have played a greater role in the process. He explained:

I have told them that I feel that they ought to be more of a proactive participant in supporting change as opposed to simply obstructionist from fear of these changes. And I wouldn't say that they sustained that status quo preservation

⁹ See Chapters Six and Seven for further discussion of the MEA and the overall outcomes of the policy crisis.

mentality throughout all of this, but they were too resistant; and, as a consequence, diminished their own role in some of the negotiations....

Kingdon (1995: 199) asserts that interest groups are often able to block consideration of proposals they do not prefer. The SB 1 policy crisis offers insight as to whether interest groups are similarly effective during a policy crisis. It is important to note that Governor Engler seized the SB 1 policy crisis to place issues affecting teacher rights and benefits on the reform agenda. Indeed, moments after signing SB 1 into law, Engler told reporters that "the power and control the teachers' unions have had over education policy in Michigan ended this morning"(Gongwer 1993). In his October address to the legislature, Engler advanced several reform proposals affecting teachers, including alternative teacher certification and changes in collective bargaining requirements. In addition, Republicans in the legislature advocated various related measures at the outset of the reform process.

The Republican leadership ended up removing these teacher issues from the policy agenda during the policy crisis. This was due to the refusal of the Democrats to agree to a reform package which restricted collective bargaining rights or otherwise harmed the interests of the teachers' unions. It is difficult to assess the extent to which the teachers' groups were responsible for blocking consideration of these items since Democratic legislators tend to share philosophical beliefs with the teachers' unions. However, Democratic legislators in general, and Republican legislators sympathetic to the teachers' unions, may have been responding in part to pleas from the teachers' unions. As stated by a Democratic legislator: "The MEA was just being attacked on every front."

It is important to note that the teacher issues re-appeared on the policy agenda in early 1994.¹⁰ The policy crisis had ended and the Republicans now had a temporary majority in the House due to vacancies in three Democratic seats. Further, there were indications that the teachers' unions were suffering from an image problem. For example, a *Detroit Free Press* public opinion poll conducted in September 1993 indicated that 58 percent of the Michigan citizenry either strongly agreed or somewhat agreed with the statement that teachers' unions are too powerful (Trimer-Hartley 1993). Thus, when it came to the policy agenda in early 1994, "the state mood" combined with the will of the politicians in the majority party, overcame the opposition of the teachers' unions.

The disappearance of the teacher issues on the policy agenda during the policy crisis in late 1993 and their reappearance after the policy crisis had ended in early 1994 is instructive. There had been a change in party power in the legislature in the interim, and this clearly affected the policy agenda. However, the case also suggests that policy crises may present not only opportunities for interest groups and others to achieve policy change, but that interest groups can also exploit the crisis to try to influence legislators to remove certain items from the policy agenda. Since the legislature was facing a policy crisis, and the Republicans desperately wanted a solution, this gave the Democrats leverage to convince Republicans to rescind the teacher issues from the negotiating table. When the policy crisis was over, the Democrats no longer enjoyed this leverage.

Conclusions on Interest Groups and the SB 1 Policy Crisis

As posited in Key Point 2.3, interest groups with a stake in the SB 1 policy crisis

¹⁰ Legislation assigning penalties for teacher strikes was adopted at this time.

generally assumed a reactive stance. Education interests were primarily concerned about preventing cuts in school funding and also keeping various teacher reform measures off of the policy agenda. Business interests were focused on minimizing their mandated contributions to school funding. Most prominently, realtor interests wanted to eliminate, or at least curtail, a proposed real estate transfer tax. Few interest groups in the education or the business community were actively promoting their own coherent prescriptions for school finance reform.¹¹ Rather, the education and business groups concentrated their efforts on two tasks. First, they scurried to keep track of the reform proposals being considered by lawmakers; and, second, they focused their efforts on opposing any reform measures that were viewed as harmful to their respective interests.

The SB 1 policy crisis inspired few changes in the usual strategies and tactics employed by the relevant interest groups. In congruence with the more intense use of ordinary policymaking mechanisms on the part of the chief executive, interest groups relied upon traditional forms of lobbying (e.g., meeting with individual lawmakers with whom they had established relationships, mobilizing memberships for grass roots action), but the lobbying was more intense than under ordinary conditions of policymaking.

One of the significant aspects of the interest group role in the context of the SB 1 policy crisis is that interest groups did have access to the key players in the reform process. Although lawmakers were determined to shield their negotiations from interest

¹¹ It should be noted that some members of the business community, most prominently Detroit Renaissance, advocated overall cuts in school funding, and asserted that the public school system should be forced to streamline its bureaucracy and make more efficient use of school funds. Further, as highlighted in Chapter Five, business interests were particularly proactive on the school quality issue.

group domination, the organized interests had important contacts with the negotiators. These contacts kept the interest groups informed about the substance of the closed-door sessions and also ensured that the negotiators were aware of how interest groups viewed various reform proposals. Further, business interests, in particular, enjoyed regular contact with Governor Engler; thus, such groups could influence the process indirectly through the Governor.

Sally McCally Morehouse (1981) classifies Michigan as a state where interest groups have weak influence. Browne and Ringquist (1993: 142) contend that "it seems more accurate to describe that influence as moderately strong." Evidence presented in the preceding section of the dissertation, and the additional evidence on school quality issues presented in the next chapter, suggest that even when legislators employ efficient mechanisms of policymaking (including reducing the opportunities for interest group influence), interest groups can still have access to the policymaking process during a policy crisis.

The legislature, the governor, and interest groups all played active roles in the crisis policymaking of the Michigan case. Of course, the general public also had a stake in the outcome of the SB 1 policy crisis. As indicated in the next section of the chapter, while the public lacked the coordination and expertise of the other actors affected by the policy crisis, it nevertheless had an impact on the origin and ultimate resolution of the SB 1 policy crisis.

THE GENERAL PUBLIC

Sabatier (1991: 271) contends that several decades of policy research suggest that

"the general public plays a more modest role in the formulation and implementation of governmental policy than in the [political science] discipline's research priorities." If the public tends to play a limited role in policy development under ordinary circumstances, it makes sense to assume that the public would play even less of a role in crisis policymaking. In his study of the Social Security crisis, Light (1995: 70) explains:

[T]he public would remain an obstacle as long as Congress and the President cared about reelection. Unfortunately, the crisis left little time for public education. The pressure to move quickly was in conflict with the need to inform the public.

As discussed earlier in this chapter, policy crises favor efficient policymaking over deliberative policymaking. In the SB 1 case, lawmakers were pressed to find a prompt solution to a policy crisis in a highly complex and controversial policy area. There was little time to engage the public in a lengthy, reflective debate on school finance reform. However, the public had had ample opportunity to express its views on the issue over the two decades prior to SB 1. Indeed, as discussed in Chapter Two, property tax reform measures had appeared on the ballot as recently as November 1992 and June 1993.

The literature on linkages between the public and policymaking is mixed with regard to the extent to which the public can and does impact public policy outcomes. Arguments on the "linkage" issue range from those that posit virtually no public influence on policymaking to those that portray significant public influence. On a fundamental level, Jacobs (1993: 629) notes that "public sentiment -- even when directed toward a politically charged subject -- does not have inherent political significance."

This is because policymakers can "misperceive, fail to recognize, or outright defy public opinion" (Jacobs 1993: 629-630). Researchers face tremendous difficulties in trying to discern the extent to which the public influences political elites and vice versa. Edelman (1964: 172) contends that the politicians shape people's "political wants and 'knowledge,' not the other way around." Similarly, Baumgartner and Jones (1993: 247) assert that "[p]ublic opinion reacts to public policy more than it causes it." Their research suggests that "mass mobilizations and public opinion reactions often occur late in the issue development process, after many of the most important issues have already been decided during elite-level debates" (Baumgartner and Jones 1993: 248).

Research on issues included in national public opinion surveys by Monroe (1979) suggests that policy outcomes are congruent with public preferences about two-thirds of the time. Page and Shapiro (1983) observe that significant changes in public opinion are followed by changes in the general direction of government policy about two-thirds of the time. Importantly, Monroe (1979) found that the public is more likely to have its wishes fulfilled when it desires the status quo than when it favors change. However, he notes that "[t]he exception would be those proposals perceived as solutions to some sort of a 'crisis'" (Monroe 1979: 17). Monroe suggests:

In those instances where a problem is perceived as extremely pressing, potential solutions can be passed with relatively little difficulty, even if they have limited popular support. But on the more typical non-crisis issue, even those proposals clearly favored by the public may be trapped by the many pitfalls in the political process. (Ibid.)

In their study of US public opinion over the last 50 years, Page and Shapiro (1992) reject conventionally negative assessments of the wisdom of public opinion. They

contend that because the collective policy preferences of the public are knowable, rational, and meaningful, policymakers lack justification for ignoring public opinion. However, this contention does not mean that policymakers actually always heed public opinion. Page and Shapiro (1992) acknowledge that political education in the US needs improvement and that citizens need better access to information on the key facts of given public policies. On this matter, Rosenthal (1982: 87) asserts:

Most legislators quickly learn how little most constituents know and care about the issues confronting the legislature...The perceptual problems most often faced by state legislators do not result from their inability to recognize organized communications, or even from a shortage of other means for measuring opinion. Rather, the legislator's constituents tend to lack the awareness and information required to form an effective opinion, even on issues that stir up organized responses or significantly affect the district.

Kingdon (1995: 66) asserts that "[m]ass public opinion affects the agenda more than the alternatives." He further suggests that while the public may set limits on the range of policy possibilities considered by lawmakers, it is unlikely to directly affect debates over which alternatives should be seriously considered by policy specialists (*ibid.*). Jacobs (1993) is more optimistic than Kingdon on the linkage issue. He contends that public opinion is most likely to impact policy deliberations when it is "unambiguous and strong" (Jacobs 1993: 650). He states that "[w]hile the strategic importance of the public's policy preferences to a candidate are mitigated by voters' reliance on political party labels and candidate image, politicians remain sensitive toward highly-salient well-supported issues" (Jacobs 1993: 639).

A number of scholars posit that the public has an important indirect effect on

polymaking. Key (1961: 423) contends that government operates "within a context of public opinion that conditions its actions." He suggests that this context "fixes the limitations within which action may be taken but does not assure that action will be taken" (ibid.). Key posits that polymakers face cross-pressures from spokespersons for "immediate opinion" as well as from their own estimates (and anxieties) regarding "latent preferences that are remote, both in communication and in time, from the point of action" (1961: 429). Key also points out that prior to choosing a course of action, lawmakers estimate the potential reaction of the public. This means that the public need not always directly communicate its views to the government in order to impact policy (Key 1961: 17).¹² Erikson and Tedin (1995: 296) observe that "[a]t election time, voters make retrospective judgments of the apparent success or failure of past policies." Hence, if lawmakers expect to be punished or rewarded based on the state of affairs at election time, "polls of current public sentiment about what ought to be done offer little help. For example, a president exercises good political judgment when he makes economic policy on the basis of expert opinion rather than on the basis of a poll taken to see what people think would work best" (ibid.).

Edelman (1964: 38) asserts that "incumbent or aspiring congressmen are less concerned with individual constituents' familiarity or unfamiliarity with an issue as of any given moment than with the possibility that the interests of a substantial number of them could be aroused and organized if he should cast a potentially unpopular vote on a bill or if a change in their economic situation should occur." Along these lines, Arnold

¹² Key (1961: 17) adds: "although communication may be the general rule."

(1990: 272-74) proposes an "auditing model" of public influence on public policy. In much the same way that taxpayers fear tax audits, lawmakers fear audits on the part of their constituents. Arnold (1990: 272) explains:

Citizens do not instruct legislators on how to vote, nor do they necessarily have well-defined policy preferences in advance of congressional action. Legislators nevertheless have strong incentives to consider citizens' potential preferences when they are deciding how to vote for fear that making the wrong choice might trigger an unfavorable audit.

In his examination of school finance equalization policy, Mintrom (1993: 849) avows that since legislators are primarily concerned about political survival, "they will support only those policies that benefit individuals or groups who could significantly affect their political careers." Light (1985: 68) suggests that politicians listen to "the public that votes." Here, it is instructive to recall the observation of the legislator quoted earlier in this chapter who guessed that 95 percent of the members of the MEA vote on a regular basis. The legislator added that "that's why the senior citizens are so powerful" on their issues, "because they vote."

Edwards and Sharkansky (1979: 42) highlight problems of citizens' lack of expertise in "the subject matters at hand and the procedures of policymaking." Hence, Edwards and Sharkansky (1979: 43) emphasize the role of interest groups as "the intermediaries between citizens and policymakers." Rosenthal (1982: 105) states that legislators generally report that most of their mail is from organized groups. My interviews with legislators indicated that this was similarly the case during the SB 1 policy crisis. Rosenthal (1982: 106) notes that even individuals who are attentive and

interested enough to make demands on lawmakers "often do not understand the complexities of issues and frequently are misinformed about specific provisions of legislation." Edwards and Sharkansky (1978: 80) conclude that officials may limit the public's influence, but that they do not eliminate it.

The preceding discussion leads to the following Key Point:

Key Point 2.4: *Although the public plays a minimal role in directly affecting the development of the resolution to a policy crisis, policymakers will nevertheless be concerned about potential public reaction to any legislative remedies approved. Thus, the public will have at least an indirect effect on crisis policymaking.*

THE PUBLIC AND THE SENATE BILL 1 POLICY CRISIS

Virtually every Michigan citizen had a stake in the outcome of the SB 1 policy crisis. School finance reform would ultimately affect every Michigan citizen in one way or another. The level and types of taxes, and the funding levels for the public schools, would affect each taxpayer and was likely to affect the quality of education received by Michigan's 2 million school children. The analyses of the roles of the legislature, the governor, and interest groups in the context of the SB 1 policy crisis presented earlier in this chapter demonstrate both the extent to which these actors contributed to the initiation of the SB 1 policy crisis and the nature of their activities in the period of crisis policymaking that followed the passage of the bill. Similarly, as discussed below, there were several facets to the role of the general public in the context of the SB 1 policy crisis. First, the public had indirectly contributed to the creation of the SB 1 policy

crisis. Second, although the public had little direct role in the reform process, lawmakers were cognizant that their political fortunes depended upon how the public perceived their conduct during the SB 1 policy crisis. Finally, lawmakers left it to the public to decide, at the ballot box, from among two alternative remedies to the policy crisis.

The Public and the Origin of the SB 1 Policy Crisis

When I asked legislators about the role of the general public in the reform process, many stated that the public was the impetus behind the adoption of SB 1. Over the previous decade, and particularly over the two years preceding SB 1, both Republican and Democratic legislators had been receiving an increasing number of complaints about property taxes from their constituents. A Republican legislator commented:

That was the number one issue I'd say ever since I've been in the Legislature, for 10 years. So, over the years, I've had more communication about the unfairness of property taxation from a taxpayer's point of view and...[with regard to] a school spending plan.

And a Democratic legislator who had served for nearly two decades recalled:

[M]any people had complained more vigorously about property taxes in the last year before that [Senate Bill 1] than I'd ever seen in all the years...I've been down here.

As legislators talked among themselves about what they were hearing from their constituents, they came to realize that "what each of us had heard individually was being heard by us all."

Legislators were motivated to pass SB 1 in order to force action on an issue that was very important to their constituents. In my interviews with lawmakers, they

repeatedly stated that it was the public that was ultimately (albeit indirectly) responsible for SB 1. A veteran senator remarked that the public had played a "major role" in inspiring the passage of SB 1. Senate Bill 1 had created the very policy crisis which was "the critical factor" in overcoming a 20-year impasse on property tax relief and school finance reform in Michigan. The public had indirectly convinced lawmakers that a dramatic act was justified in the interest of overcoming this impasse. Thus, the public had helped to define the policy agenda.

Had it not been for the public demand that lawmakers do something about property taxes, the legislature likely would not have perceived an incentive to take an action as drastic as the passage of SB 1. When lawmakers passed SB 1 and effectively dismantled the system of school finance, this created a substantial threat to their high priority objectives. As stated in Chapter Three, this threat compelled the legislature to reform the system of school finance. There was certain to be a public backlash if policymakers did not resolve the SB 1 policy crisis to the satisfaction of the constituents. The upcoming 1994 elections, and the 1983 voter recalls of two Democratic senators who had voted for an income tax increase, made legislators well aware that they needed to come up with a remedy to the policy crisis that not only they and the interest groups found satisfactory, but a remedy that would also be viewed favorably by the public.

Media Coverage of the SB 1 Policy Crisis

In order to get a sense of the level of information on the SB 1 policy crisis available to the public, I examined press coverage of the issue in newspapers of the two largest metropolitan areas in Michigan. *The Grand Rapids Press*, with a daily circulation

of about 150,000 and a Sunday circulation of about 195,000, serves readers in the Grand Rapids region, on the West side of the state.¹³ *The Detroit News*, with a daily circulation of about 370,000 and a Sunday circulation of about 1.2 million serves readers in the metropolitan Detroit area.¹⁴ Coverage of the SB 1 policy crisis in these newspapers was analyzed over the period from 21 July 1993, when SB 1 was approved, through 16 March 1994, the day after Michigan voters approved a ballot plan to reform the state's school finance system. News items and editorials about school finance reform, school quality reform, or both were recorded. The daily press coverage of these issues in *The Grand Rapids Press* and *The Detroit News* is summarized in Table 5.3.¹⁵ As reflected in the table, these newspapers featured items on the SB 1 policy crisis almost daily during the nine month time-frame specified above, with the heaviest coverage in *The Detroit News*. In both newspapers, the most coverage was afforded to the issue of school finance.

The frequency of the news coverage of the SB 1 policy crisis does not directly indicate that the public was well-informed on the issue. According to Ansolabehere et al. (1993: 39-40), 80 percent of the adult population read a daily newspaper on a regular

¹³ As of 31 December 1993, the daily circulation of *The Grand Rapids Press* was 149,031, and the Sunday circulation was 195,583. As of 31 December 1994, the daily circulation of *The Grand Rapids Press* was 147,549, and the Sunday circulation was 194,804.

¹⁴ As of 31 March 1993, the daily circulation of *The Detroit News* was 391,768, and the Sunday circulation was 1,180,505. As of 31 March 1994, the daily circulation of *The Detroit News* was 359,867, and the Sunday circulation was 1,170,258. The Sunday edition of *The Detroit News* is a joint edition with *The Detroit Free Press*.

¹⁵ A more detailed presentation of the daily press coverage of these issues in *The Grand Rapids Press* and *The Detroit News* is presented in the Appendix in Tables A.1 - A.18. For further details on how the newspaper search was conducted, see fn 1 under Table A.1.

TABLE 5.3: Press Coverage of the SB 1 Policy Crisis in Two Newspapers Between 21 July 1993 and 16 March 1994

Total Number of Stories On:			
	Finance	Quality	Both
<i>The Grand Rapids Press</i>	165	39	23
<i>The Detroit News</i>	288	58	53

	Number of Days When at Least One Item on Finance, Quality or Both Appeared	Percentage of Total Days in Study Period (N=239)
<i>The Grand Rapids Press</i>	148	61.9
<i>The Detroit News</i>	190	79.5

basis; yet, over 40 percent of newspaper readers report reading only certain sections of the paper. Flanagan and Zingale (1994: 151) argue that only a minority of the public are motivated to follow political news and to inform themselves broadly about political affairs. Nevertheless, Graber (1993: 149) notes that in times of crisis, the public's sensitivity to media publicity is heightened. Given the highly-salient nature of the property tax issue, it might be surmised that the public's attention to media coverage of the SB 1 policy crisis was likely higher than its attention to other political issues. Further, it should be noted that the print media were not the only source of information on the SB 1 policy crisis. The broadcast media also provided regular coverage of the SB 1 policy crisis.

The Public and the Resolution of the SB 1 Policy Crisis

Indirect influence on the reform process Despite the imperative for the legislature to devise an acceptable remedy to the policy crisis, the public had little direct influence on the reform process. Similar to the Social Security rescue case documented by Light (1985; 1995), in the Michigan case, there was little time for public education. A senator explained that "the pace was just so torrid that we really didn't get the public involved until the actual packages had been worked out." Other legislators concurred that the rapid pace of the process stifled public input. In contrast, a lawmaker suggested that "when the process moves more slowly, the public has more of an opportunity to play a role." In addition, the issue of school finance is highly complex for even the experts. A member of the Team of 14 noted that the legislators who drew up the school finance plans obviously had a difficult task "because we didn't write the laws very well, because

of the time crunch." A senator remarked that the issue of school finance is "pretty arcane" and "wouldn't titillate Joe Six Pack very much."

Few legislators had noticed a significant increase in the volume of mail they received from the general public during the policy crisis. However, many said that they had received an increased volume of mail on behalf of interest groups. When I asked legislators if they felt they had known what their constituents wanted during the reform process, the replies were mixed. Many legislators explained that in the two years prior to SB 1, and immediately after the passage of SB 1, they had held meetings and hearings in their districts. They had also conversed with constituents about property taxes just prior to the June 1993 property tax ballot measure. However, a number of legislators suggested that the general public was neither well-informed nor well-versed on what it wanted. A Republican senator commented that the public was "behind the loop" during the reform process and that "[i]t was almost impossible for constituents to keep up." A Democratic legislator asserted that members of the public were "as well-informed as you could get them," and yet didn't know what they wanted. The legislator expressed frustration with the lack of public knowledge about tax issues:

I don't know how you get people educated. We're still having people calling and upset because they didn't get their Homestead Credit because they never filled out the form. They didn't know the change in the tax law...people have a responsibility to follow what's going on, too. Because you can write 'em, you can be on the radio, on television, in the newspaper, they always have an excuse for not knowing what's going on.

There was consensus in the legislature regarding public opinion on two fundamental issues: the public wanted property tax relief and better schools. As

perceived by a veteran legislator who served on the Team of 14:

I don't think that the general public had a clue of what was going on. The general public knew that their property taxes were too damn high, and they wanted them down. And they also knew that the schools were not graduating kids that could read and write...and they were concerned about that....I think the general public felt that the thing had played its course, the pendulum had swung, and the time was there to do something about it, and something was going to be done about it. And they hoped that whatever came out of it would be good. But it's like rolling down a hill [laughs]. You take the bumps and slides as you go, and you really don't feel like you have much control over what's gonna happen. And they really didn't, I don't think.

Another legislator suggested that members of the general public knew what they *didn't* want: "they didn't want high property taxes, and they didn't want the public schools to collapse." A veteran legislator remarked:

Well, my constituents, just like everyone else's constituents, they wanted something that wouldn't cost anything. I mean that's our problem today. We have those, they want changes and they want improvement, but they don't want to pay the piper.

A legislator who stated that he was not really certain about what his constituents wanted during the reform process attributed the difficulty of discerning constituent preferences to the nature of the school finance issue. But he did not discount the ability of the public to have an indirect effect on the process. He explained:

[I]t's such a broad issue that it's really difficult to get consensus. Obviously, if it had been an issue driven by consensus we would have had a solution 25 years ago. Obviously representative government is always driven to a great extent by where the public is on any given issue. So I think we were all watching the public opinion polls.

The public opinion polls indicated that the voters favored an increase in the sales tax over an income tax increase; that they wanted the per pupil funding gap between the highest spending and lowest spending school districts narrowed; and, that they were highly receptive to having the state collect all of the school taxes and redistributing the funds on a per pupil basis (see IPPSR 1993 and Trimer-Hartley 1993).

Finally, there were legislators who were not deeply concerned about the views of the public during the reform process. A senator asserted: "We weren't really concerned about the public at this point. We were concerned about getting it done." And a member of the Team of 14 explained:

I've always taken the position that I'm up here...to use my best judgment on the issue at hand. And my...reelection confirms whether they think I'm doing a good job or not. I don't poll my constituents on any issues.

During the reform process itself, the direct role of the general public was relatively minimal. However, as indicated earlier in the chapter, the interests of particular segments of the public were represented in the process through the activities of interest groups. Legislators were of course mindful of the need to satisfy their constituents; however, the direct influence of the general public was much less intense than that of the interest groups. As for the policymaking stage of the policy crisis, a senator remarked that "the public had an effect through its elected officials, that's the way they were represented."

The public did have a significant indirect effect on the resolution of the policy crisis. The voters had repeatedly rejected property tax reform measures on the ballot over the previous two decades. They had even rejected the March 1993 ballot measure

that had received broad support from both Republicans and Democrats, and was strongly supported by Governor Engler. Lawmakers and other observers concluded that these outcomes could be attributed to a lack of trust and a fear of change on the part of the general public. The history of repeated voter rejections of property tax ballot measures convinced policymakers of the need to approve a statutory back-up plan in order to guard against the possibility of having no plan if the voters rejected yet another ballot plan. Hence, the public's record of voting behavior on the property tax issue led policymakers to take steps to ensure that change would indeed be the outcome of the SB 1 policy crisis.

The legislators I spoke with were unanimous with regard to the importance of developing and approving both a ballot plan and a statutory back-up plan. Removing the status quo as an option available to the electorate was integral to a successful resolution to the policy crisis. As explained by a Team of 14 member:

It's somewhat human nature that people are comfortable with the status quo. As much as they don't like it, as much as they complain about it, there is a comfort level that "well, at least the devil that I know is better than the devil that I don't know." Well, we gave them two devils they didn't know....

Direct participation in bringing the crisis to a conclusion The voting public was able to directly affect the ultimate outcome of the policy crisis. In March 1994, Michigan voters were faced with two reform plans developed by lawmakers. Importantly, the status quo was not an option. Citizens who voted in favor of Proposal A chose a reform plan centered on a hike in the sales tax. Citizens who voted against Proposal A, or did not vote at all, were "choosing" the statutory back-up plan based on

an increase in the income tax.¹⁶ On 15 March 1994, voter turnout was relatively high at 41 percent when Proposal A was approved by a large margin: 69 percent to 31 percent.

Conclusions on the Public and the SB 1 Policy Crisis

As posited by Kingdon (1995), the public played a major role in placing property tax reform on the agenda. Many lawmakers said that the public was responsible for indirectly provoking the passage of SB 1. Having tried repeatedly over a period of two decades to secure property tax relief for the public, lawmakers were "ready to try just about anything" to force real progress on the issue. This suggests that lawmaker perception of public sentiment in favor of policy change is a condition which favors an endogenously induced policy crisis.

The short time-frame for action during the policy crisis, and also the complexity of the school finance issue, limited the ability of the public to influence the debate over the alternatives for solving the SB 1 policy crisis. The *property tax relief* issue was a highly salient issue for the public -- lawmakers were cognizant of constituent demands for property tax relief. However, the *school finance reform* issue was very complex and contentious. While a number of lawmakers seemed to downplay the public's ability to directly influence policymaking under any conditions, several emphasized that the time pressures of the SB 1 policy crisis especially limited public education and input on the school funding issue. This limitation was only exacerbated by the complexity of the issue. Thus, the time pressures and logistics of crisis policymaking served to hinder

¹⁶ A discussion of the opponents and supporters of Proposal A is included in the Appendix.

direct public involvement in the reform process.

Despite the heavy coverage of the SB 1 policy crisis in the press, lawmakers did not report a significant increase in the volume of mail received from the general public, and some lawmakers expressed frustration with the lack of public knowledge of the issues at hand. It should be noted, however, that the interests of sectors of the public such as realtors and teachers were well-represented by organized lobbying groups. Further, the general public had an indirect impact on the reform process through its elected representatives, and through its prior history of rejecting property tax reform measures at the ballot. This time around, lawmakers decided that the status quo (or, the status quo ante SB 1) would not be a policy option available to the electorate. Voters would have to choose from among two new systems of school finance. This state of affairs comprised a real turning point in the history of the school finance issue in Michigan. Finally, the public was given the opportunity to have a direct impact on the ultimate resolution of the policy crisis in March 1994 when voters approved Proposal A.

CONCLUSIONS ON INTEREST GROUPS AND THE GENERAL PUBLIC IN THE CONTEXT OF A POLICY CRISIS

For interest groups, a policy crisis can be quite worrisome. This is particularly the case for interest groups who favor the status quo. As discussed later, in Chapters Six and Seven, a policy crisis creates the conditions for comprehensive policy change. Interest groups who desire such policy change may be able to capitalize on a policy crisis in pursuit of their policy goals. However, in the SB 1 case, few groups sought to

proactively capitalize on the crisis to achieve new policy outcomes.¹⁷ Rather, interest groups were caught off guard by the SB 1 policy crisis and were highly concerned about whether and how the legislature would replace \$6.5 billion in abolished revenue. The bulk of interest group activity was focused on keeping track of the options being considered by the legislature and then attempting to minimize losses.

Due to the imperative for achieving a timely resolution to a policy crisis in a highly complex and controversial policy area, lawmakers in the SB 1 case took deliberate steps to try to limit interest group influence. Interest groups did not have direct access to the closed door negotiations and the reform bills were channeled through the regular standing committee process very rapidly. Similarly, in the Social Security case, a reform package devised behind closed doors was presented largely as a "fait accompli," with few opportunities for lobbying (Light 1995).

While a policy crisis provokes changes in legislative procedures, it does not significantly alter the ordinary activities of interest groups. Traditional means of interest group access and influence are applied; albeit, more intensely, since the stakes during a policy crisis are typically higher than under ordinary policymaking.

As noted by Sabatier (1991), several decades of research suggest that the public tends to play a limited role in the policymaking process. While Page and Shapiro (1992) contend that policymakers lack justification for not giving greater consideration to public opinion in the policymaking process, their comprehensive study of public opinion over

¹⁷ See Chapter Six for a discussion of how school quality reform advocates recognized that the SB 1 policy crisis was an opportunity to achieve their policy goals.

the last 50 years leaves room for skepticism about general patterns of linkages between public opinion and policy outcomes. My research indicates that a policy crisis does not lead to a high level of public involvement in the policymaking process. A policy crisis requires quick action and leaves little time for public education. Bringing the public into the process is made even more difficult if the policy crisis is in a complex policy area such as school finance or Social Security.

In the SB 1 case, it might be said that the public exogenously inspired an endogenously created policy crisis. Lawmakers were hearing increasingly loud demands for property tax reform, yet the public had rejected various property tax reform ballot measures. Lawmakers decided that a policy crisis would force much needed reform. While the general public lacked direct involvement in the reform deliberations, lawmakers were nevertheless concerned about potential public reaction to any solution that was devised. Hence, the general public had an impact on the reform process, albeit an indirect and limited one.

In conclusion, a policy crisis portends different roles for different actors in the policymaking community. As indicated in the previous chapter, a policy crisis provokes significant changes in the legislative process. Ordinary institutional mechanisms of policymaking give way to relatively extraordinary procedures that promote a timely resolution of the crisis. In contrast, the governor and interest groups rely on traditional mechanisms of policy influence during a policy crisis. However, the stakes are higher and the time-frame is narrower than under ordinary policymaking; thus, the overall activity of these actors is more intense during a policy crisis. The general public may

play an important role in inspiring manufactured policy crises, as in the SB 1 case. The role of the public during a policy crisis is largely business as usual; however, the public will likely have less opportunity to directly impact the policymaking process than under ordinary conditions. During policy crises, skilled legislative leaders and chief executives are in decidedly advantaged positions over organized interest groups who fear change and an unorganized public that lacks full knowledge of the issues at hand.

I next turn to **Research Question 3: *What are the effects of a policy crisis on policy outcomes?*** In the following two chapters, I indicate that policy crises provide important opportunities for securing comprehensive policy change. Having focused on the school finance aspect of the SB 1 policy crisis, in Chapter Six I examine how the policy crisis was skillfully exploited by school quality reform advocates.

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**POLICY CRISES AND POLICY CHANGE:
TOWARD A THEORY OF CRISIS POLICYMAKING**

Volume II

By

Sandra Marie Vergari

A DISSERTATION

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Chapter Six

Seizing the Opportunity: Policy Crises and Policy Innovation

INTRODUCTION

Policy crises open critical windows of opportunity for policy innovation. This chapter begins with a review of various contributions from the literature on agenda-setting, policy entrepreneurship, and policy innovation that serve to enhance our understanding of agenda-setting and policy innovation during a policy crisis. Next, Key Point 2.6, regarding the politics of policy change during a policy crisis, is introduced. I then discuss the school quality issue and linkages that can be drawn between school quality and school finance. This leads into a discussion of the school quality reform process during the SB 1 policy crisis. Included in this discussion is an analysis of how school quality issues emerged on the policy agenda when the policy crisis initiated by SB 1 pertained to school finance. Importantly, the SB 1 policy crisis opened a critical window of opportunity for policy entrepreneurs to secure legislation for a major school quality innovation.

LINKING POLICY CRISES AND POLICY INNOVATION

Walker (1969: 881) defines a state government innovation as "a program or policy which is new to the states adopting it, no matter how old the program may be or how many other states may have adopted it." In this chapter, I discuss how a policy crisis creates a favorable climate for policy innovation. In the Michigan case, advocates of

school quality reform recognized that the SB 1 policy crisis in school finance opened a valuable window of opportunity for advancing their interests. School quality reform advocates exploited the crisis in school finance in order to gain access to the policy agenda, and lawmakers approved several school quality reform measures -- most notably legislation permitting charter schools -- during the period of crisis policymaking that followed the passage of SB 1.

The linkage between policy crises and policy innovation has been documented at the federal level. For example, Polsby (1984: 170) cites the October 1957 Soviet launching of Sputnik as resulting in "[t]he most successful example of crisis management for policy innovation in national politics." Polsby notes that the connection between Sputnik and the subsequent development of the U.S. space program was, of course, to be expected (*ibid.*). The more interesting outcome of the Sputnik crisis is that "entrepreneurial talent of a very high order" was able to convince policymakers to connect a perceived "threat" of imminent Soviet space exploration to inadequate funding of U.S. schools and colleges (*ibid.*).¹ Advocates of large increases in federal aid to education astutely capitalized on the Sputnik launching to achieve their policy goals.² Further, in his discussion of the Social Security crisis of 1982-83, Light (1995: 195) highlights that a "dramatic" Medicare reform (changing the way hospitals would be paid) was added onto the Social Security reform package. He notes that this provision would

¹ In stark contrast, Polsby cites the absence of significant gun control legislation following the assassinations of John F. Kennedy, Martin Luther King and Robert Kennedy as evidence that crises must be skillfully managed in order to yield policy innovations (1984: 170-71).

² For further discussion of this case, see Clowse (1981).

have had "a difficult fight on its own" yet it was able to gain a "free ride" as a part of the Social Security reform legislation (ibid.).

Policy entrepreneurs are often the impetus for attaching long-sought policy innovations to policy crises. Policy entrepreneurs face incentives to promote the perception that a policy crisis is at hand (see, e.g., Polsby 1984; Henig 1994; Mintrom 1994), and to exploit policy crises in pursuit of their policy goals. The advocacy efforts of policy entrepreneurs are complemented by the actions of "policy champions." Policy champions are leaders in government who are well-positioned to promote the enactment of new policies (King 1988).

THE POLICY AGENDA

Setting the Agenda

Kingdon (1995: 4) distinguishes between the *governmental* agenda -- the list of subjects that are receiving attention -- and the *decision* agenda -- the list of subjects on the government agenda that are up for active decision.³ A "policy window" presents the opportunity for moving a proposal beyond the governmental agenda and onto the active decision agenda (Kingdon 1995). Kingdon emphasizes that such windows of opportunity open infrequently and for a short period of time. However, "[d]espite their rarity, the major changes in public policy result from the appearance of these opportunities" (Kingdon 1995: 166). Sabatier (1991: 279) suggests that the conditions under which policy windows of opportunity arise merit further analysis.

³ In a similar vein, Cobb and Elder (1983) distinguish between the "systemic" agenda, and the "institutional" agenda. The former agenda is more general in nature and akin to Kingdon's (1995) "governmental agenda," while the latter is more specific and similar to Kingdon's (1995) "decision agenda."

Kingdon (1995) conceptualizes the policymaking process in terms of three "streams:" a.) the "problem stream" consists of the problems that capture the attention of the policymaking community; b.) the "policy stream" is comprised of policy specialists who generate proposals; and, c.) the "political stream" incorporates elements such as "the national mood" and election results. Kingdon (1995: 168) suggests that the problem and political streams tend to affect the policy agenda, while policy alternatives are affected more by the policy stream.

While the three streams generally operate separately from one another, significant policy change results when the three streams are joined. As stated by Kingdon (1995: 88): "The separate streams come together at critical times. A problem is recognized, a solution is available, the political climate makes the time right for change, and the constraints do not prohibit action." A policy crisis qualifies as such a "critical time." In a similar vein, Chubb and Moe (1990: 7) note that social problems attract special attention from lawmakers "when the political stars happen to line up just right."

Cobb and Elder (1983) note that unforeseen events, or "trigger devices" can propel an issue onto the policy agenda. Similarly, Kingdon (1995) highlights the role of focusing events, including crises, in agenda-setting. A policy crisis has a compelling effect on the policy agenda. A policy area characterized by a policy crisis is immediately advanced to the top of the policymaking agenda. While a policy crisis lasts for only a short period of time, it affords advocates of policy innovation a valuable opportunity for pursuing their goals. Kingdon (1995) suggests that policy entrepreneurs devise their proposals and then wait for problems to arise to which they can attach their proposed

solutions.⁴

Cobb and Elder (1983) point out that one of the easiest ways of attaining access to the policy agenda is by defining an issue in terms of one of the items already on the agenda. Similarly, Polsby (1984: 169) notes that policy entrepreneurs may be able to "piggyback on or ride a crisis that occurs exogenously." In the SB 1 case discussed below, advocates of school quality reform were able to gain agenda access by asserting that the school quality issue was linked to the school finance issue.

Advocates of Policy Innovation

Policy entrepreneurs Baumgartner and Jones (1993: 237) state: "Sometimes skillful leaders can foresee an onrushing tide and use their energies to channel it in a particular direction....Successful political leaders...are often those who recognize the power of political ideas sweeping through the system and who take advantage of them to favor particular policy proposals." Such skillful leaders might be referred to as "policy entrepreneurs." Policy entrepreneurs are political actors who seize the opportunity presented by a policy window to advance their policy goals.

There is an expanding literature on policy entrepreneurs that examines their characteristics and their advocacy of policy change. Numerous students of the policymaking process have recognized the significance of these political actors (e.g., Eyestone 1978; Uslaner 1978; Cobb and Elder 1983; Polsby 1984; King 1988; Loomis 1988; Weissert 1991; Hayes 1992; Baumgartner and Jones 1993; Mintrom 1994; and,

⁴ Kingdon (1995: 72) states that "the critical factor that explains the prominence of an item on the agenda is not its source, but instead the climate in government or the receptivity to ideas of a given type." He explains that "the key to understanding policy change is not where the idea came from but what made it take hold and grow" (Ibid).

Kingdon 1995). For example, in a study which focuses on legislators rather than policy issues as the unit of analysis, Weissert (1991) highlights the utility of examining policy entrepreneurs in legislative bodies. Weissert (1991) emphasizes two key characteristics of policy entrepreneurs: expertise and persistence. In an event history analysis of school choice proposals in 48 states, Mintrom (1994: 26) explains that "policy entrepreneurs serve as catalysts in the policy innovation process."

As explained by Baumgartner and Jones (1993: 29), "[t]he trick for a policy entrepreneur is to ensure that the solution he or she favors is adopted once a given problem has emerged on the national agenda." Kingdon (1995) refers to this as "coupling." According to Kingdon (1995: 122), the "defining characteristic" of a policy entrepreneur is a willingness to invest resources of time, energy, reputation and sometimes money in the hope of a future return. Kingdon (1995) views the political system as one in which "solutions search for problems to which to become attached or political events that increase their likelihood of adoption." Policy entrepreneurs "hook solutions to problems, proposals to political momentum, and political events to policy problems" (ibid.). According to Kingdon (1995: 182), policy entrepreneurs seize crises as key opportunities for advancing their goals.

Policy entrepreneurs play an important role in building momentum for policy change, often using the mass media to present their messages (Mintrom 1994: 386). Loomis (1988: 101) contends that "[p]olicy entrepreneurs need to use the press." He notes that entrepreneurial legislators seek to set the policy agenda and frame alternatives through the skillful use of the media (ibid.). Loomis (1988: 102) asserts that gaining

publicity for one's proposals in the media not only alerts one's colleagues, but also "key outsiders who can help to frame the debate."⁵ Indeed, there is evidence that the media approach works. School choice proposals were more likely to be adopted in states where knowledgeable observers reported that policy entrepreneurs had communicated their message effectively through the media than in states where this was not the case (Mintrom 1994: 233-34).

Policy champions Polsby (1984) distinguishes between politicians and policy entrepreneurs. According to Polsby, there is an important "symbiosis" that exists between policy entrepreneurs and politicians. Since politicians need to appeal to electorates, they need to identify and to be identified with issues (Polsby 1984: 171). Policy entrepreneurs supply the issues as well as technical advice on alternative solutions. "Policy entrepreneurs need allies to move their preferred alternatives from incubation to enactment" (ibid.). Political leaders help policy entrepreneurs to achieve their goals; in return, the entrepreneurs forego the credit-claiming which is so valuable to the politicians (ibid.).

Following the distinctions outlined by Polsby, King (1988: 12) defines "policy champions" as key actors in the policymaking process who fill formal governmental positions of authority. In her study of policy entrepreneurship in Minnesota, King found that policy entrepreneurs sought out policy champions. According to King (1988: 28), policy entrepreneurs recognize the need for allies in the formal decisionmaking arena

⁵ In a similar vein, Hrebenar and Scott (1990: 113-42) highlight various "media lobbying" tactics employed by interest groups.

who will promote the entrepreneurs' proposals. Similarly, Mintrom (1994: 389) observes that "[s]killed policy entrepreneurs work hard to develop close ties with people through whom they can realize their policy goals." Hence, a policy entrepreneur can be expected to enlist the support of key officials in the executive and legislative branches. These key officials are "policy champions" who combine the use of leadership skills and formal mechanisms of policymaking to ensure that the proposals advanced by the entrepreneur are enacted (King 1988).

Polsby (1984: 161) notes that "[p]residents who wish to differentiate themselves from their predecessors and who want to make an individual mark on history -- as nearly all do -- provide a steady market for policy innovations." This insight is aptly applied to chief executives at the state level as well. For example, governors have been "a major influence" on education reform policy since the 1980s (Bierlein 1993: 21). Thus, activist governors often serve as policy champions. Polsby (1984: 171) emphasizes that crises have to be skillfully managed in order to produce innovations. As indicated below, Governor Engler skillfully managed the SB 1 policy crisis to gain approval for charter schools legislation.⁶

The research literature provides the basis for the following Key Point:

Key Point 2.6: *A policy crisis opens a window of opportunity for advocates of policy innovation to achieve their objectives.*

THE ISSUE OF SCHOOL QUALITY REFORM

The 1983 *A Nation at Risk* report from the National Commission on Excellence

⁶ See Chapter Four for further discussion of Engler's management of the SB 1 policy crisis.

in Education stands as a turning point in school quality reform in the U.S. According to the report, public education in the U.S. was in decline and this threatened the position of the U.S. in the global economy. According to Finn and Rebarber (1992: 179):

The Excellence Commission...had not complained that our investments were stingy, our intentions evil, or our efforts insincere; rather, it had faulted U.S. education for inadequate outcomes. Simply put, the students were not learning enough.

Following the report, a wave of school quality reform policies swept the U.S. Higher standards were the focus of these "first wave" reforms of the mid-1980s.⁷ The reforms included new requirements and regulations for teachers and students, and also additional programs and services. Finn and Rebarber (1992: 180) note that these reforms typically "threatened few established interests and encountered little opposition from powerful political groups." Indeed, there was little disturbance to the "basic interests and operating procedures" in the public education system (ibid.). According to Petrie (1990: 14):

The common wisdom is that the first wave of educational reform, initiated by *A Nation at Risk*, was characterized by the imposition of top-down reforms which essentially asked us to do more of the same, but do it better.

By the early 1990s, the "first wave" reforms were being criticized for being misguided and for "not getting the job done" (see, e.g. Chubb and Moe 1990; Murphy 1991; Finn and Rebarber 1991; Gerstner, Jr. et al 1994). Fuhrman et al. (1993: 5) state:

⁷ For compilations and discussions of the "first" and "second" waves of school reform following the *A Nation at Risk* report, see Doyle and Hartle (1985), Chance (1986), Firestone et al. (1989), Farrar (1990), Firestone et al. (1991), and Jacobson and Berne (1993).

"The evidence thus far suggests that, while [the] reforms have been broad in coverage, they have been shallow in their effects." Their review of the evidence indicates that the first wave reforms have had limited influence on student achievement.⁸

A Michigan legislator described the complexity of the school quality issue as follows:

[I]t's [school quality] an issue that's more difficult to define. I mean clearly with the finance situation you can decide how much you're giving up in property taxes...and you're dealing with hard numbers..... [School] quality is a little less easy to define and certainly the means by which you achieve that quality are much more difficult to define.

Indeed, school reform advocates in the U.S. differ on how best to improve the public education system. For example, Fuhrman et al. (1993: 6) note that the reform policies of the 1980s reflect different views on curriculum and student learning across the states. Importantly, they avow that school reform is "not a single set of policies focused on a single conception of student learning but a variety of policies that embody very different ideas about student learning" (ibid.).

Education researchers disagree on the meaning of the concept of "school quality," and thus use a variety of measures by which to assess it. Below, I briefly review several measures that are commonly used either solely or in some combination. First, some individuals conceive of school quality largely in terms related to school finance.⁹ That is, they view the quality of a given school as determined largely by the amount of funds

⁸ For further discussion of the results of the "first wave" efforts see, e.g., Finn and Rebarber (1992: 179-181).

⁹ For discussion of this view, see Ch. 3 in Hanushek et al. (1994).

available for the operation of the school. Others acknowledge that some level of school funding is a prerequisite for school quality, but they do not view school quality primarily in terms of school funding. For example, research by Hanushek (1986, 1989) challenges the notion that school expenditures are systematically related to student performance.¹⁰ Hanushek et al. (1994) observe that increases in school spending over the last two decades have not been accompanied by improvements in academic performance.¹¹

Second, school quality may be measured in terms of inputs other than dollars. For example, the educational level of teachers or the level of parental involvement might be assessed.¹² Alternatively, school quality inputs might be conceived in terms of processes such as the number of courses taken by students.¹³

Third, school quality can be measured according to outputs, such as student test scores and graduation rates. The business community typically conceives of school quality in terms of outputs; i.e., business tends to view school quality in terms of the skills, or lack thereof, evident in the work force. Thus, for employers, school quality is typically assessed from an economic perspective (see Chubb and Moe 1990; Gerstner

¹⁰ Hanushek (1986: 1167) avows that "increased expenditures by themselves offer no overall promise for improving education."

¹¹ Thus, on school quality reform, they assert: "we do not believe that money is the answer. Reform will come more assuredly from an improved decision process that focuses attention on student performance than from further attempts to overwhelm the problems of schools with resources" (Hanushek, et al. (1994: 151).

¹² Teacher competence and parental involvement are included in the National Education Goals that were created in 1990, and expanded and adopted by Congress in 1994 (see National Education Goals Panel 1994). On parental involvement, see Maeroff (1992).

¹³ See Hutchins (1994: 16) for a discussion of school quality in terms of other inputs.

et al. 1994; Hanushek et al. 1994).¹⁴ From this view, quality schools produce a supply of workers equipped with the skills to compete in a global economy. Hanushek et al. (1994: 20-21) note that employers are increasingly dissatisfied with the workers they can hire, and that this dissatisfaction has helped to propel school quality to center stage in education debates.

Finally, advocates of school reform such as Chubb and Moe (1990) emphasize that school quality is determined by institutional structures. Chubb and Moe (1990: 23) state that "the most important prerequisite for the emergence of effective school characteristics is school autonomy." The "second wave" of school reform following the *A Nation at Risk* report has focused on restructuring schools (see Chubb and Moe 1990; Murphy 1991; and, Jacobson and Berne 1993). In contrast to the "first wave" reforms typically aimed at doing more of the same, but better, the "second wave" reforms now being proposed and implemented include "changes with the potential to overturn the old education cart and send us in search of a new mode of transportation" (Finn and Rebarber 1992: 181). In contrast to most of the "first wave" reforms, some of the "second wave" reforms are viewed with trepidation by established education interests. Indeed, teachers unions and other education interests have strongly resisted recent school choice and charter schools initiatives.

Linking Quality and Finance

Education reform proposals of the "second wave" are frequently framed in terms

¹⁴ For a discussion of economically motivated school quality reform in the context of a global economy see Guthrie (1993).

of accountability. Specifically, many education reform advocates emphasize that publicly-funded schools should be held publicly accountable for producing high quality educational results (e.g., high levels of student achievement). Indeed, accountability is now an "integral aspect of educational policy debates" (Bierlein 1993: 90). Hanushek et al. (1994: 153) note that support for the public schools "depends crucially on a sense that money spent on schools is well used." In short, "society pays the bills and wants results" (Gerstner et al. 1994: 239). Jacobson and Berne (1993: 9) note that education comprises a large, and increasingly problematic, share of state and local expenditures. As a result, lawmakers are "under increasing pressure to show results for these expenditures" (ibid.). Lawmakers sense pressure from taxpayers -- including the business community -- to ensure that the public funds allocated to the schools will produce desirable educational outcomes. Thus, school quality reform advocates have increasingly used accountability arguments to link the school quality and school finance issues.

For example, Ted Kolderie and Joe Nathan, arguably the nation's foremost activists for charter schools emphasize that these schools will foster greater accountability for the dollars spent in the public school system.¹⁵ While publicly-funded, charter schools are supposed to enjoy greater autonomy than traditional public schools; in return, charter schools are held to a higher level of accountability: they are closed if they fail to perform well (see Kolderie 1994; Nathan 1994). In contrast, poorly-performing

¹⁵ Ted Kolderie is based at the Center for Policy Studies in St. Paul, Minnesota. Joe Nathan is based at the Humphrey Institute of Public Affairs at the University of Minnesota.

traditional public schools are rarely closed.

Across the U.S., the business community has been increasingly vocal on the school quality issue, and its arguments for reform are frequently framed in terms of wanting more "bang for the buck." For example, Gerstner et al. (1994: 75) avow that the school institution should be modernized in order to "make it more productive and enable it to create more human capital *with the same or fewer resources*" (emphasis added). A 1993 "Education Reform Agenda" devised by the Michigan Manufacturers Association states:

One of the most critical issues in the education reform debate is building accountability into the educational system. As taxpayers, business wants to know that the money that is spent on education is being spent wisely, and that students receive a quality education that will prepare them with the skills necessary to compete in today's global marketplace. (Michigan Manufacturers Association 1993: 3).

Clearly, business interests are demanding greater accountability for the tax dollars being expended in the public school system. A few states and school districts have responded to such demands with "education warranties" or "certificates of employability" (see Bierlein 1993: 87).

Hanushek et al. emphasize that "schools could in general do a lot by redirecting existing spending to more productive uses" (1994: 168-69). They contend that "[w]hen that is done, but only when that is done, the nation may determine that it is spending enough on schools or it may decide to increase investment in schools" (Hanushek, et al. 1994: 169). In 1995, Governor Engler apparently agreed. Responding to complaints about enduring disparities in funding across Michigan's school districts, Governor Engler

suggested that the districts had a "management problem" and that they should seek ways to cut costs (Longcore 1995: A23). Thus, Engler conveyed opposition to the view that "more money is the answer."

While conceptually appealing, coherent linkage between school quality and school finance is not easily achieved in the political arena. Jacobson and Berne (1993) emphasize the political difficulties of achieving "systemic reform" in which school finance and school quality policies are linked within a coherent framework. They blame divided governance structures, single-issue candidates, and interest group politics for a lack of commitment to systemic reform on the part of lawmakers. Education policymaking is thus driven by compromise and bargaining rather than by a coherent vision for change (Fuhrman 1993). Thus, wide recognition of an imperative for fundamental improvements in school quality does not necessarily imply increased potential for nonincremental policy reform. Of course, this state of affairs is not unique to the school quality policy area. As Hayes (1992) and others have observed, across policy areas, the barriers to nonincremental policy change are formidable and incremental policy change is the norm.¹⁶

The preceding discussion is intended to clarify that school quality and school finance are different policy areas that can be, but are not necessarily, linked politically. When they are linked, it is often through increased attention to the issue of accountability -- an issue on which the business community has been especially vocal.

¹⁶ For further discussion of incremental versus nonincremental policy change, see Chapter Seven.

THE SB 1 POLICY CRISIS AND SCHOOL QUALITY REFORM

School Quality Reform and the Policy Agenda

The passage of SB 1 immediately placed *school finance* on the active policy agenda and did not directly imply agenda access for *school quality*. Since SB 1 eliminated two-thirds of the funding for Michigan's public schools, it might technically be claimed that SB 1 also initiated a crisis in school quality. This is because many public schools would have had to close if a remedy to the crisis was not adopted in timely manner. Nevertheless, the policy crisis identified by lawmakers was a crisis in school finance. As asserted by one lawmaker: "When Senate Bill 1 passed, it was strictly an issue over tax relief and school finance."

Legislators did not generally perceive a crisis in school quality. For example, typical responses included: "there's always a crisis in school quality," "it depends on your definition of school quality," "quality is in the eyes of the beholder," "some schools were certainly suffering a crisis in school quality," and "the crisis we were dealing with was in school finance." The majority of the respondents indicated that there had not been a policy crisis in school quality. As indicated in Chapter Three, the same respondents were nearly unanimous that there had been such a crisis in school finance.

Given that the passage of SB 1 created a policy crisis in the complex policy area of school finance, and that lawmakers were pressed to find a solution to the crisis within a restricted time-frame, why did they still choose to place school quality reform on the policy agenda? There was no "focusing event" (Kingdon 1995) akin to SB 1 to engender legislative attention to school quality reform. However, as discussed below, the political

incentives for action on school quality were very strong for both Democrats and Republicans.

After the signing of SB 1 in August 1993, Governor Engler's next major move was to present a package of school finance and school quality reform recommendations to the legislature in October 1993.¹⁷ Assuming the role of a policy champion, the Governor demonstrated leadership skill in placing school quality reform on the policy agenda. As explained by a legislative leader:

The concept...in the proposal that he made to the legislature of tying financing to school improvement measures was something that he did win. He really drove that piece of the agenda by essentially saying that he wasn't just going to sign tax increases and a restructuring of financing without dealing with some of these other issues.

The Governor's school quality reform recommendations included inter-district school choice, charter schools, an annual "Governor's Report Card" issued for every public school, expansion of alternatives to the teacher certification process, giving public school teachers the option of not belonging to a collective bargaining unit, teacher bonuses for good performance and sanctions for poor performance, higher academic standards, and education warranties for students. Among these school quality reform proposals, the Governor put the most resources into advocating for school choice and charter schools. Indeed, lawmakers, interest group representatives, and members of the Governor's staff with whom I spoke all agreed that Engler had pursued these two policy goals vigorously

¹⁷ See Chapter Four for a discussion of the school finance reform proposals put forth by the Governor in October 1993. In this chapter, my focus is on Engler's school quality reform proposals.

during the reform process.

The Governor was not the only political actor who recognized the window of opportunity for school quality reform within the school finance crisis. Democratic legislators and the Michigan Education Association (MEA) used the finance crisis to advocate for a mandated core curriculum, a requirement that schools implement "site-based decisionmaking," and increased resources for the professional development of teachers.¹⁸ Democratic lawmakers insisted that these items be included in any reform package proposed to resolve the SB 1 policy crisis. Since state lawmakers were set to shift the bulk of the burden of financing the schools from the local to the state level, a Democratic legislator justified placing school quality on the policy agenda as follows:

[F]rankly, the issue is when you're talking about putting 10 billion -- *billion* -- dollars into education, we have a right to make some of those decisions. Far more now I think than we did in the past when we weren't the major funders of the schools. So I think that was a very legitimate discussion for us to have.

Republicans in the House and Senate were also advocating for school quality reform during the SB 1 policy crisis. A Republican legislator asserted that the SB 1 policy crisis "was going to be about the only time we could seriously address the school quality issues." The legislator stated that he and others had perceived that "the schools are not going to change unless change is forced upon them." Another Republican legislator remarked:

The goal was to do the whole package all together because

¹⁸ The professional development of teachers is an example of a policy that falls under both the school finance and school quality rubrics.

there is a faction out there -- and I do firmly believe in this also -- that believes that it's not just money that makes a good school. So there are a lot of issues that we needed to look at as well as making sure that our schools were adequately funded.

Republican lawmakers proposed a series of school quality reform proposals that were billed as "cost-containment" measures. These measures, widely viewed as attacks on the power of the teachers' unions, included changes in collective bargaining and teacher tenure policy as well as expanded alternatives to the teacher certification process. Since Democrats avowed that they would not support a school finance reform package unless any school quality measures included in the reform package were acceptable to them, the Republican leadership in the legislature removed the "cost-containment" items from the policy agenda.¹⁹ Several other Republican-backed school quality reform initiatives -- most importantly, proposals for inter-district school choice and charter schools -- remained on the policy agenda during the SB 1 policy crisis.

The business community also played an active role in pushing for school quality reform measures during the period of crisis policymaking. Indeed, the activities of the business community in advocating for specific school quality reform proposals were largely viewed as unprecedented by both interest groups and lawmakers in Michigan. Business interests assumed a new role in proposing and advocating for school quality reform. It is important to note that at the outset of the SB 1 policy crisis, Governor Engler called upon leaders in the business community to take an active role in advancing

¹⁹ However, as discussed in the previous chapter, the proposals affecting teachers' interests reappeared on the policy agenda after the policy crisis had been resolved.

proposals for school quality reform. The goals and activities of the business community in the context of school quality reform during the SB 1 policy crisis are further discussed later in the chapter.

Many lawmakers from both parties perceived political incentives for addressing the school quality issue during the period of crisis policymaking. Lawmakers sensed a public demand not only for school finance reform but also for improvements in school quality. When I asked individual lawmakers why the legislature had devoted attention to school quality reform when the policy crisis had been in school finance, they frequently framed the issue in terms of wanting to signal to constituents (including the business community) that they were committed to improving the quality of the public school system.

From the perspective of the leaders of two different interest groups I interviewed, lawmakers had sought to indicate to the voters that they were doing more than "rearranging the chairs on the deck of the Titanic."²⁰ Lawmakers who sensed pressure from the business community and others to take action on the school quality issue recognized that school finance reform alone would be inadequate to the task. They wanted to show that they were not only overhauling the system of school finance and simply "throwing more money at the schools," but that they were also taking steps to ensure accountability for the dollars spent. Lawmakers were motivated to indicate to taxpayers that public funds devoted to education would be put to good use. In the absence of attention to the school quality issues, lawmakers would have risked conveying

²⁰ Each of the two interviewees offered this analogy.

that "the only problem with education is funding." Such a message was not expected to sit well with taxpayers in the business community and elsewhere.

Depending upon how one interprets the polling data collected during the SB 1 policy crisis, lawmaker attention to the school quality issue was more or less justified during the crisis. In a September 1993 *Detroit Free Press* poll of likely voters, 57 percent of the respondents rated the quality of their local public schools as "excellent" or "good." However, a full 39 percent of the respondents rated them as "fair" or "poor" (Trimer-Hartley 1993a). Another poll of the general public, conducted in September 1993 by the Institute for Public Policy and Social Research (IPPSR) at Michigan State University, found that 33 percent of Michigan's citizens thought that Michigan public schools needed to be improved "a great deal," 23 percent said "quite a bit," 30 percent said "some," 9 percent said "a little" and 4 percent said "not at all" (IPPSR 1993). On the basis of these polls, it might be surmised that a significant portion (about 40 percent) of the population was dissatisfied with the quality of their local public schools; and, over 85 percent of the population perceived a need for school quality reform (of the latter percentage, over 55 percent favored "a great deal" or "quite a bit" of reform).²¹

An education leader in the House framed the school quality reforms in terms of an attempt to gain public approval for the overall reform package adopted by the legislature. He remarked that "we wanted to put in some accountability so that voters

²¹ Interestingly, an October 1993 *Detroit Free Press* survey of 146 of the 148 members of the Michigan legislature found that lawmakers themselves were generally satisfied with their local school districts (Christoff 1993a). The survey indicated that 57 percent of the legislators were "very satisfied" with their local school districts, while 32 percent were "somewhat satisfied." Only 5 percent were "somewhat dissatisfied" and 3 percent were "very dissatisfied."

would support it." Neither Democratic nor Republican lawmakers wished to be viewed as the champions of a tax increase. With school quality reform on the agenda, lawmakers were able to declare to their constituents that "we're not supporting any new taxes unless we get some assurance of improved quality in education." As observed by a leading legislator, the attention to school quality issues during the SB 1 policy crisis was borne of "good reasoning but also of political sensitivity."

A Republican lawmaker explained that the policy crisis in school finance had created a useful climate for bargaining over school quality reform measures:

[I]t's an opportunity because you've got the wedge...if you and I are negotiating, you want the funding, and I say "Yeah, I'll give you a vote on funding if you'll give me a vote on the quality issue." So I think that type of logic was moving through the minds of some of the people that felt that we weren't getting our money's worth for the dollars that were expended for schools.

And a Democratic lawmaker recounted:

We were under a time constraint to get the financing done and some of us held out for some other things [school quality reforms] in that process.

Despite the strong political support in both parties for school quality reform, there was disagreement over the shape that reform would take and whose interests it would serve. Two organized interests with a stake in the outcome were the education and business communities.

The Education Community and School Quality Reform

As implied in Key Point 2.6 above, the SB 1 policy crisis threatened the interests of those who generally favored the status quo for the school quality policy area. As

indicated in Chapter Five, members of the education community (the most powerful member being the MEA) were largely fearful at the outset of the SB 1 policy crisis. This fear was not limited to the issue of school funding, it also extended to school quality. When Governor Engler signed SB 1 into law in August 1993, he provoked concern particularly among members of the MEA when he avowed that "[t]he power and control the teachers' unions have had over education policy in Michigan ended this morning" (Gongwer 1993).

By year's end, the Governor was shown to be mistaken. The MEA worked vigorously in pursuit of its objectives during the school quality reform debate and largely met with success. The teachers' union enjoyed tremendous resources for influencing public opinion and public policy. These resources included access to both paid and free mass media space, a large membership that votes, members who are well-placed to be opinion leaders in the community, and abundant lobbying resources.

During the SB 1 policy crisis, the behavior of the education community was largely reflective of a containment strategy. Many members felt threatened by the politics of the school quality issues delineated earlier. When I asked the leader of an education interest group whether his organization had perceived a crisis in school quality in 1993, he replied in the present tense: "No, we don't perceive a crisis in school quality, but we know that the elected officials perceive a crisis. It's a political crisis." When I asked him why the legislature approved the package of quality reforms during the crisis, he replied that this had occurred because every one of these items was "a political issue." A lobbyist for another education interest group explained that, during

the SB 1 policy crisis, "[w]e weren't even thinking about school quality.... We were just thinking about having enough money to fund the schools."

Rather than focusing on putting forth their own comprehensive proposals for school quality reform, much of the activity of the education interests was aimed at thwarting significant policy change in this area. The MEA led the charge not only through professional lobbying activities, but also through grass roots political activity, mass mailings, and mass media tactics. For example, the association drew upon its 127,000 members to coordinate grass roots political activity in opposition to the school quality reform proposals advanced by the Governor and supported by many Republicans. MEA members inundated lawmakers with telephone calls and made personal visits to the Capitol.

While my respondents from other education interest groups indicated that the MEA typically worked independently, the MEA joined with the Michigan Federation of Teachers and the Michigan Parent Teachers Association for a mass mailing of 250,000 brochures encouraging opposition to the Governor's reform proposals. These brochures were sent to homes in the districts of 23 House members and three senators who had endorsed parts of Governor Engler's school quality reform proposals whom the MEA thought could be persuaded otherwise by their constituents (see Richardson 1993b). In addition to this mailing, the MEA sent fliers to each of its members encouraging them to oppose Engler's school quality reform proposals.

Finally, televisions across the state displayed MEA advertisements accusing Engler of plans to put "unqualified teachers in the classroom," and to "put private

schools first" (Michigan Dateline 1993). In both its print and broadcast media advertisements, the MEA asserted that education reform was "too important for just politics to decide."

The three main school quality reform proposals advanced by the MEA -- a mandated core curriculum, mandated site-based decisionmaking, and increased funding for professional development -- were not significant departures from the status quo in Michigan education policy. Prior to the passage of SB 1, Michigan lawmakers had adopted legislation recommending that school districts implement a model core curriculum, as well as legislation pertaining to site-based decisionmaking, and the state had previously allocated funds toward the professional development of teachers. Despite the fact that the SB 1 policy crisis provided a window of opportunity for contributing new ideas to the school quality reform debate, the few proposals put forth by the education community were not significant policy innovations. Some observers suggested that a mandated core curriculum would serve the interests of the MEA since more teachers might need to be hired in order to instruct all students in the core areas.

Each of the MEA's proposals was adopted, although the legislative language was largely symbolic.²² In addition to achieving its limited list of school quality reform items, the education community was successful in prompting lawmakers to remove the teacher reform proposals from the policy agenda. However, several of these proposals were revisited by the legislature in early 1994, after the policy crisis had been resolved

²² A senator referred to the site-based decisionmaking legislation as "fluff language." In 1995, lawmakers scaled back the professional development funding and repealed the mandated core curriculum (a core curriculum devised by the State Board of Education will be recommended, not mandated, to school districts).

and Republicans enjoyed a legislative majority due to vacant seats in the House.²³

Much of the activity of the education community during the SB 1 policy crisis was focused on ensuring adequate replacement funding for the public schools. Given the time constraints of the policy crisis, the imperative to achieve adequate school funding, and their favorable standing in the status quo governance structures of the public school system, it is perhaps not surprising that members of the education community displayed relatively little interest in advancing new school quality reform proposals at this time. Beyond the three main proposals outlined earlier, the activity of the education community on school quality reform was aimed at thwarting reforms advanced by the Governor and the business community that were perceived as threatening to established education interests. Most notably, as discussed later in the chapter, the education community worked to defeat proposals for inter-district school choice and charter schools.

With the exception of charter schools, the containment strategy of the education community, led by the MEA, was largely successful. The interests of the education community, most notably those of teachers, were largely protected during the reform process. Despite the window of opportunity in the SB 1 policy crisis for school quality reforms that could have harmed the interests of the teachers' unions, proposals inimical to such interests were largely tabled. Many attributed this to the enduring political clout of the MEA.

²³ For example, in 1994, lawmakers approved legislation assigning financial penalties for teacher strikes.

The Business Community and School Quality Reform

In contrast to the reactive containment strategy of the education community, the business community was relatively proactive on the issue of school quality reform. As mentioned earlier, at the outset of the policy crisis Governor Engler called upon the business community to take an active role in the debate over school quality. Members of the business community as well as aides to the Governor confirmed this exchange. As stated by an Engler aide:

They [business interests] had been involved in wanting to improve schools and he [the Governor] really called them as a challenge, you know, "Here's the opportunity, guys, let's do it."

The business community accepted the challenge. In reflecting on the passage of SB 1, a lobbyist for one of the state's largest business interest groups stated:

I think we were one of the first organizations to realize that it really did open a door for us that hadn't been open before in terms of taking a look at the quality side, and deciding what kinds of things we wanted to see. Because we didn't want to see it just be a tax debate. We wanted to make sure that as we were talking about education reform and how we were going to pay for it, that it was crucial for us to talk about what we were paying for too.

Another business group leader reflected:

I think we recognized that there was an opportunity to put, basically the whole school system on the table to make some changes. I also think there was, and still is, a very strong sentiment in the business community that, you know, we spend 8, 9, now almost \$10 billion a year on K through 12 education here in Michigan, [and] that often the result is less than satisfactory.

The business community advanced a range of general principles, goals, and

proposals for school quality reform during the SB 1 policy crisis. These included a model core curriculum, appropriate measurements of student achievement in core subjects, enforcement of safety and discipline in the schools, performance assessments for teachers, student competence in technology, longer school days and school years, special programs for "at-risk" children, greater efficiency in the use of school funds, privatization of school services, inter-district school choice, and charter schools.²⁴ Most of these proposals had been presented, in some form, in Governor Engler's October address.

One of the most salient messages of the business community with regard to school quality reform is reflected in the following statement from the Chief Executive Officer (CEO) of a utility company who claimed to speak on behalf of the business community:

Merely investing more money in the system, as the Michigan Education Association proposes, would be akin to a failing business acknowledging that it is losing money on every sale, but making it up in volume.....Our involvement in this debate is about getting value for the funds to be invested. (McCormick 1993)

The strategy of the business community was carried out through two tactics: (a) direct meetings with legislators, and (b) use of the mass media. Business interests who were pushing for school quality reform included the chief executive officers (CEOs) of several of the largest corporations in Michigan. The CEOs arranged individual meetings with lawmakers in order to discuss school quality reform. Their visits were coordinated

²⁴ This listing was derived from my interviews with interest group representatives, business interest group literature, and various press reports printed during the SB 1 policy crisis.

by leaders of Detroit Renaissance and the Michigan Chamber of Commerce.²⁵ This might be viewed as the skillful use of prestige in the pursuit of policy change. According to one of the CEOs, the SB 1 policy crisis marked the first time the business community had united around a single issue that did not directly affect the bottom-line concerns of their businesses (Richardson 1993). Indeed, this utility company chairman had previously visited with lawmakers in Lansing, but the SB 1 policy crisis marked the first time he had lobbied the legislature on the issue of school quality (ibid.).

In choosing to send the CEOs to Lansing, the business community was issuing a "costly signal" (Ainsworth 1993). Since the time of a CEO is valuable, the credibility of the message of the business community was enhanced by the lobbying efforts of the CEOs. Further, as Tierney (1992: 211) notes in his examination of lobbying at the congressional level, "[l]egislators reluctant to make time in their busy schedules to meet privately with an obscure lobbyist for the automobile industry will *make* time when the head of General Motors requests an appointment." A member of the House Education Committee told me: "It's very unusual to have the CEOs of the top business companies in Michigan lobbying legislators one on one on school choice."

While many lawmakers were impressed by this display of effort on the part of the business community, not all lawmakers were persuaded by the CEOs. Two leading education legislators, one a Democrat and one a Republican, suggested that the business community "had not done its homework" on the issue of school quality. For example,

²⁵ For additional information on political coordination among members of the business community during the SB 1 policy crisis, see the discussion of the Coalition for Better Schools and the push for inter-district school choice and charter schools later in the chapter.

one of the legislators lamented that a CEO with whom he had met used education statistics from the state of Montana as a basis for comparison with the state of Michigan. The legislator explained that Michigan has many more urban areas than Montana and that, as a result, policymaking for the Michigan public school system must be different than for that of Montana. Reflecting upon the visits from the CEOs, the other legislator avowed:

It becomes immediately ridiculous when people who supposedly have some importance come up here not having the vaguest idea what they're talking about or [are] simply ...easily identifiable as [being] wrong.

These comments suggest a caveat to Ainsworth's (1993) work on "costly signals." That is, costly signals should be used well. Their effectiveness might be diminished if a lobbyist's credibility in the policy area is questioned.

Representatives of business interests with whom I spoke frequently framed the school quality issue in terms of economic development: better schools will result in a better workforce which means a healthier, more competitive state economic environment. Plotke (1992: 192) notes that "business claims about the requirements of economic development have a high degree of credibility" in the contemporary U.S. However, Browne and Ringquist (1993: 21) assert that the professionalized state government in Michigan means that interest groups "need to be as expertly informed and professionally competent as those who make state policy."

The other main tactic utilized by the business community during the SB 1 policy crisis, securing mass media attention, had two interrelated purposes: (a) countering the messages of the education establishment (led by the MEA), and (b) putting forth school

reform proposals that reflected the business perspective on the school quality issue.

Leaders in the business community aimed to counter potential MEA influence.

A representative of a prominent business group stated:

One of the things we pride ourselves on in here...and I think we're pretty good at, is opposition research. We monitor MEA publications, for example, on a regular and ongoing basis....We were listening very carefully during that period to what the MEA was saying to its members through their publications, what they were saying to the news media...And where we felt it was necessary, we would counter those kinds of statements or actions.

Members of the business community held press conferences; wrote letters to the editor; wrote "op-ed" columns; and, contacted education reporters for the major newspapers in the state (in order to ensure that the reporters were cognizant of the business perspective on school quality reform).

In acting as a political counterweight to the education community, the business community advanced its own messages on the school quality issue. A representative of a prestigious business group remarked:

I think that one thing the business community did was to give a strong counter balance to the MEA. The MEA could speak for the system, the educational system. And the business community could speak for the end result: that you're hiring a kid that can't perform basic functions because he can't read the instruction manual for the machine he's operating. And the CEO, the business owner, can speak to that issue.

However, from the perspective of a columnist for the *Detroit News*, the business community was "out-organized, out financed and out-smarted" by the MEA during the SB 1 policy crisis (Pepper 1994). In order to match the political prowess of the MEA,

the writer suggested that the business community needed to shore up its alliances, and alter its media strategy to focus on "slick" paid advertising (ibid.). In contrast to some skeptical observers, the columnist did not question the sincerity of the business interest in the school quality issue.

While it might be unfair to characterize the interest of the business community in school quality reform during the SB 1 policy crisis as, in the words of two lawmakers, merely "a smokescreen," it is reasonable to assert that there was room for improvement in the political and substantive expertise demonstrated by the business community on the issue of school quality. Certainly, the business community might have more effectively capitalized upon the SB 1 policy crisis. However, as discussed later in the chapter, efforts on the part of the business community to challenge the power of the education community and to secure significant school quality measures reform were not fruitless.

Most legislators and lobbyists with whom I spoke agreed that the SB 1 policy crisis marked a turning point for business involvement on the school quality issue. Prior to the SB 1 policy crisis, business interests had frequently complained about the public school system, yet they had failed to put forth and support concrete proposals for reform. In contrast, during the period of crisis policymaking, leading interest groups from the business community placed their prescriptions for improvements in school quality into the political discourse. A business group lobbyist commented:

[W]e recognize that for too long the business community was as guilty as anybody else of just standing on the outside and saying "It's not good enough." And now we realize it's important for us to go beyond that and say "OK, you're not turning out students who have the right skills; but, we're going to tell you what skills we need.

And then we're going to help you to find a way to start putting some of the skills into the school system."

The lobbyist remarked that the SB 1 policy crisis encouraged the development of new business partnerships interested in school reform and added:

[W]e've got a lot more players stepping up to the table and taking a look at education, a long hard look. And we've got a lot more businesses that, rather than just saying that we need to fix the education system, are now trying to be a part of the solution: figuring out what their proper role is and how they can help.

Evaluating the School Quality Reforms

A representative of a leading business group in the state noted that the business community was reasonably satisfied with the outcome of the school finance reform process, but that the area where the business community was "least persuaded that the job was done" was school quality. Some members of the business community were disappointed that an increase in the total public funding for the schools, a victory for the education community, was accompanied by just a few reforms specifically aimed at improving school quality.

With the exception of legislation permitting charter schools, the political activity surrounding the school quality issue during the SB 1 policy crisis culminated in a school quality reform bill comprised of a potpourri of items which were, in the view of many, largely "cosmetic." For example, a leading senator characterized at least one of the school quality reform items -- legislation mandating site-based decisionmaking -- as "fluff language." A summary of the reforms included in the school quality bill is found in Table 6.1. The charter schools legislation, discussed later in the chapter, stands in

TABLE 6.1: Selected Highlights of the 1993 School Quality Reform Package

The following highlights of school quality legislation approved during the 1993 reform process are derived from Michigan Public Act 335 of 1993.²⁶

1.) Help for "at-risk" students.

PA 335, Section 1149 -- A student who qualifies for Chapter One federal assistance, or who is at risk of falling seriously behind others of his/her age level shall be provided special assistance by the school district. School districts are to avoid removing the student from the classroom for the assistance.

2.) Longer school year.

Section 1284 -- School districts wishing to receive state aid must abide by the state's rules on the length of the school year. The 1993 legislation requires that the minimum number of days is 180 and the minimum number of hours of instruction in a school year be: 900 in 1994-95, 990 in 1995-96 and 1996-97, 1,035 in 1997-98 and 1998-99, and 1,080 for the 1999-2000 school year and beyond.

Beginning in the 1994-95 school year, each district shall consider extending the number of days of pupil instruction by two days each school year so that by 2009-2010, the number of days in the school year is at least 210.

3.) State core curriculum.

Section 1278 -- "A recommended model core academic curriculum shall be developed by the state board and distributed to each school district in the state. The recommended core curriculum shall set forth desired learning objectives in math, science, reading history, geography, economics, American government, and writing for all children at teach stage of schooling...." Beginning in the 1997-98 academic year, school districts are to provide the core academic curriculum required under the state board rules.

4.) Gender equity.

Section 1277a -- Information contained in annual reports submitted for accreditation must be disaggregated by gender; and, the school improvement plan of each school must address all gender equity issues raised by the disaggregated information. If a gender equity issue is not addressed, an explanation must be provided.

²⁶ This listing does not include the charter schools legislation discussed later in the chapter. The funding appropriations for several of the bills listed in this table are found in Public Act 336 of 1993.

TABLE 6.1: Selected Highlights of the 1993 School Quality Reform Package, cont.**5.) Academic performance.**

Section 1278a, 1278b -- The state board is to appoint an "academic performance standards committee, which shall include school board members, building level school administrators, teachers, pupils, parents of pupils, business representatives, labor representatives, representatives of the state-board approved teacher-education institutions, and representatives of the general public." By December 31, 1995, the state board, with the aid of the academic performance and standards committee, shall recommend student performance standards to measure achievement of the academic outcomes specified by the state board model core academic curriculum. School districts must establish performance standards by July 1, 1997 should they wish to qualify for state accreditation.

6.) State-endorsed diplomas.

Section 1279 -- Additional rules on the new state-endorsed diplomas beginning in 1994. Students are eligible for endorsements in one or more of the following subjects: communication arts, mathematics and science. Until 1997, students seeking a state-endorsement must take a proficiency test approved by the state. Beginning in 1997, a state assessment instrument will be utilized for purposes of awarding endorsements.

7.) Professional development.

Section 1525 -- Funds provided by the legislature for professional development are to be distributed as follows: 20 percent to the Department of Education, 15 percent to the ISDs (on a per pupil basis), and 65 percent to the districts (on a per-pupil basis). The funds may be used for: administrators and teachers, a biennial education policy leadership institute to be convened by the state board, a statewide academy for school leadership established by the state board, community leadership development, sabbatical leaves, and a public information program on the importance of education.

8.) Special help for students with reading difficulties.

Section 1278 -- "Excluding special education pupils, pupils having a learning disability, and pupils with extenuating circumstances as determined by school officials, a pupil who does not score satisfactorily on the 4th or 7th grade Michigan educational assessment program reading test shall be provided special assistance reasonably expected to enable the pupil to bring his or her reading skills to grade level within 12 months."

TABLE 6.1: Selected Highlights of the 1993 School Quality Reform Package, cont.**9.) Site-based decision-making.**

Section 1202a -- "The board of a school district shall ensure that decisions made at the school building level are made using site-based decision making that includes the participation of teachers, school administrators, parents, pupils, and others in the school community."

10.) Encouragement of a school breakfast program.

Sections 1272a, 1272d -- The Department of Education will help to administer and fund a school breakfast program. A district may choose not to participate after having held a public hearing and issuing a public justification report explaining the decision.

11.) AIDS education is to include abstinence.

Section 1169 -- All public schools were required to implement programs to instruct students on the transmission and prevention of dangerous communicable diseases by October, 1990. The 1993 legislation requires such instruction to include the teaching of "abstinence from sex as a responsible method for restriction and prevention of these diseases and as a positive lifestyle for unmarried young people."

12.) High school credit for foreign language proficiency.

Section 1279e -- School districts must give high school credit for a foreign language to a student who demonstrates proficiency in the language.

stark contrast to the package of relatively mild quality reforms.

If the SB 1 policy crisis presented a unique opportunity for addressing the school quality issue, why were most of the approved reforms relatively minor in their implications for the quality of the public school system? In talking with the parties active during the policy crisis, I discerned several reasons for the lack of more significant quality reforms. First, the school quality issue is at least as complex and contentious as the school finance issue. As indicated earlier in the chapter, policymakers disagreed over not only the best means by which to improve school quality but also on the very definition of the concept. Further, as highlighted in Chapter Four, top legislators felt compelled to devote the bulk of their attention to finding a solution to the SB 1 policy crisis by the end of 1993. Finding a remedy to the policy crisis in school finance had to take precedence over reform in a policy area that was not generally perceived to be in a "crisis" state. As Walker (1977: 426) observed of the U.S. Senate, crises "displace all other agenda items that can be delayed or pushed aside." The political rhetoric at the outset of the SB 1 policy crisis indicated that the legislative debate over the school finance issue would be preceded by deliberation over the school quality issue. However, as noted by an interest group lobbyist, "we quickly moved from that to reality."

Second, the potential for additional school quality reforms was limited by the political difficulties of achieving comprehensive policy coordination across the school quality and school finance policy areas. For example, a legislator explained that the political setting dictated that too many issues could not be tied into one package. He stated:

It was hard enough to get a majority of people to vote for any one thing...the more issues you tie together the more people will refuse to go along with any one policy, or set of policy options.

A third explanation for the package of relatively minor school quality reforms is that, in the view of some, meaningful quality reforms would likely require further regulation and the prevailing view regarding government regulations at the time of the SB 1 policy crisis was not positive.²⁷ A leading Democratic senator explained the difficulty of adopting stronger school quality reforms as follows:

[O]ften times when you want to simply move forward, in most areas when you want innovation to occur, and things to change, you deregulate. Part of the problem for a lot of the quality measures is they just increase the amount of regulations on schools. So sometimes some would argue that it's counterproductive to producing quality in schools to put all those quality things in place.

Finally, the complexity of the school finance issue and the pressure of a looming deadline affected the potential for additional school quality reforms. Thus, a school district superintendent recalled: "We didn't have the time nor the energy to address the School Code [quality legislation]."

Despite the limited nature of the school quality reforms, the fact that any school *quality* reforms were approved in the context of a pressing policy crisis in school *finance* is noteworthy. The school quality reform bill was not developed by the Team of 14 discussed in Chapter Four. Rather, it was constructed by a handful of education leaders

²⁷ Other education reform advocates (e.g., Chubb and Moe 1990; Kolderie 1994; Nathan 1994; and, some Republican lawmakers and business interests) view school quality reform in terms of *deregulation*.

in the House and Senate, and the quality reform items adopted are not representative of a coherent reform framework. Many of the separate school quality measures were included in the school quality reform bill as a result of the advocacy of individual legislators. For example, Representative Ilona Varga (D-Detroit) pressed for the item mandating high school credit for foreign language proficiency, and Representative Gary Randall (R-Elwell) advocated for the item requiring that AIDS education include abstinence instruction. The passage of this bill, full of miscellaneous school reform items, suggests that policy entrepreneurs can exploit a policy crisis in pursuit of their policy goals.

In contrast to the package of relatively minor school quality reforms discussed above, there were two school quality reform items on the policy agenda during the SB 1 policy crisis that were significant departures from existing policy. Controversial proposals for inter-district school choice and charter schools received a great deal of attention from lawmakers during the SB 1 policy crisis. While both proposals promised to significantly alter the delivery of public education, charter schools especially represented a potentially radical departure (depending upon the implementation process) from the status quo. While lawmakers rejected the school choice proposals, they approved one of the nation's most permissive charter schools laws.

"CHOICE AND CHARTER"

The most significant and contentious quality reform proposals on the policy agenda during the SB 1 policy crisis were inter-district school choice and charter schools. Governor Engler had placed these items on the agenda in his October 1993 address to

the Michigan legislature. From the perspective of the MEA, "choice and charter" constituted "the battle" during the SB 1 policy crisis. Indeed, both issues were hotly debated in the legislature. Choice, in particular, became an obstacle to the passage of the overall reform package late in the reform process.

As noted by a legislator: "the Governor and the MEA reflect probably one of Michigan's longest, most intense rivalries." The issues of choice and charter became the new basis for this longstanding political rivalry between Governor Engler and the MEA. According to many, choice and charter were the "litmus tests" for the MEA. The Governor and his aides worked diligently during the SB 1 policy crisis to secure legislative approval for the two initiatives.

Inter-district school choice

In his October 1993 appearance before the legislature, Governor Engler spoke passionately about greater choice in education, evoking Cold War rhetoric: "Let's tear down the Berlin Wall of separation that has held kids hostage to one school district. It is time to tear down the wall! Our families want their freedom! And they want it now!" (Engler 1993). A 1991 state law required districts to allow parents to choose from among the schools within their assigned school district. The proposal advanced by Governor Engler would have allowed students to attend a public school located outside of the district of residence. The per pupil funding from the student's resident district would follow the student to the receiving district. A receiving district could charge no more than its own per pupil spending.

The contentious debate over school choice revolved around issues of class, race,

equality and freedom. Much of the controversy was centered on the fact that the Governor's proposed legislation permitted school districts to opt out. Thus, a school district could choose not to accept nonresident students. This provision made the school choice proposal politically palatable especially for suburban Republican legislators who represented relatively wealthy, racially and ethnically homogenous school districts. Democrats, on the other hand, wanted to require districts to accept nonresident students, or at least some percentage of such students. A compromise bill established a mandatory quota of one percent but the bill lacked sufficient support for passage.

Legislators with whom I spoke agreed that the Governor worked very hard to try to secure inter-district school choice legislation. In addition to the aides he had working on the issue, the Governor was also assisted by the lobbying efforts of members of the business community, and he took part in direct lobbying on the issue himself. A Democratic member of the House Education Committee noted that "the Governor pushed and lobbied everybody -- personally....and he spoke to me for about 45 minutes, which is unbelievable." Another Democratic member of the Committee recalled meeting with the Governor "for two hours" on the choice issue.

A Democratic lawmaker asserted:

[The Governor's] party really does not want to have unlimited choice. They're too afraid of all these little black kids being able to go out to Bloomfield [Hills] or Birmingham. Or these little poor kids [being able] to go out to these rich districts and having the same...ability to get that type of education.

A Republican lawmaker agreed, stating:

I hate to say it but some of the Republicans in suburban

areas are reflective of the views of their racist constituents who don't like the idea of poor black kids from the inner city crossing through inter-district choice to go to their schools. I'm sure there's unfortunately people like that in my own school district.

A Republican lawmaker whose district bordered Detroit, admitted that "it was untenable to think of unlimited access on the part of any other [school] district[s]." However, he added that he was willing to approve the proposal that any district had to take up to one percent of its resident school population from other districts since such a requirement "was not going to hurt anybody," whether the kids were "green or purple." Another Republican lawmaker explained that she did not wish to see higher enrollments in the school districts she represented. Other Republican lawmakers blamed strong MEA opposition for the defeat of choice. However, the consensus among lawmakers I interviewed regarding the failure of inter-district choice was expressed by the following:

It was a combination of concern among traditional Democrats who opposed opening up the educational process to more choice along with some suburban Republicans who were concerned about the racial issue.

An aide to the Governor told me that the failure to secure inter-district school choice legislation was "the biggest disappointment out of the whole debate." However, the charter schools policy innovation portended a more significant departure from the status quo than did inter-district school choice. In the end, securing charter schools legislation was a bigger victory than choice would have been; and, this victory was a major source of satisfaction for the Governor and his supporters.

Charter schools

Charter schools comprise a significant innovation in the delivery of public

education. In 1993, Michigan became one of a handful of states to adopt a charter schools law.²⁸ While charter schools fall under the rubric of "school choice," the charter schools policy innovation is distinct from intra- and inter-district school choice plans. These plans afford greater school choice from among existing public schools. Charter schools, on the other hand, provide for greater variety in the public school options available to parents and students.

The story of charter schools legislation in Michigan includes a policy entrepreneur and a policy champion. Charter schools legislation was first introduced in Michigan during the 86th Legislature of 1991-92. House and Senate bills providing for charter schools died in the education committees of the two chambers. The Michigan policy entrepreneur who was most active on the issue of charter schools in the years leading up to the 1993 legislation was Dr. Paul DeWeese. DeWeese is an emergency room doctor who has never held public office. Beginning in the late 1980s, he worked to form a broad-based coalition of business and grass-roots interests in favor of school choice. He called this organization "TEACH Michigan."²⁹ From the start, DeWeese's ultimate policy goal has been to secure legislation for a full-blown school choice scheme in which students could receive government subsidies to attend any public or private school of their choice. In the hopes of "softening up" the environment (Kingdon 1995) for such a program, DeWeese has actively promoted what he views as largely "interim" school

²⁸ Since 1991, a total of 20 states have now passed some form of charter schools law.

²⁹ TEACH stands for "Towards Educational Accountability and Choice."

choice measures such as intra- and inter-district school choice and charter schools.³⁰

DeWeese's activities on the choice and charter issues mesh with definitions of policy entrepreneurs found in the literature reviewed earlier. He has demonstrated both expertise and persistence, having invested time, energy, reputation, and money in pursuit of his policy goals. Further, DeWeese has attempted to "hook" his policy proposals to school quality problems. Lawmakers recognized that the current educational system was beset by some problems. As a policy entrepreneur, DeWeese labored to persuade lawmakers that his policy proposals were good solutions to these problems. Both prior to and during the SB 1 policy crisis, DeWeese met with many legislators individually. Further, DeWeese visited with members of the business community during the crisis. In speaking with representatives of business interest groups, I learned that, for some groups, DeWeese had initiated these meetings; but, in other cases, business groups had invited DeWeese to meet with them. Further, numerous lawmakers confirmed that he had visited with them to discuss the issues of school choice and charter schools.

DeWeese's coalition, TEACH Michigan, is a nonprofit organization and does not make campaign contributions. Hence, several lawmakers with whom I spoke suggested that DeWeese is not a "lobbyist." Republican legislators spoke most favorably about DeWeese, although a few stated that they did not support his program of full school choice. Democratic lawmakers were less likely to have met personally with DeWeese and several expressed strong opposition to his policy agenda. Nevertheless, a leading

³⁰ It should be noted that TEACH Michigan does not view the charter schools policy as strictly an interim measure; the organization supports the charter schools concept in and of itself.

Democratic legislator observed that DeWeese had "worked to create a climate of support for alternative models of education" in Michigan.

During the SB 1 policy crisis, DeWeese helped to organize a new coalition to push for choice and charter. This group was the Coalition for Better Schools (CBS). Included in the membership of CBS were leaders from the Amway corporation, the Michigan Chamber of Commerce, the Michigan Manufacturers Association, Detroit Renaissance, and TEACH Michigan. A coalition member credited DeWeese as being the "glue" that held the coalition together and added that DeWeese had been "extremely active" in pushing for choice and charter.

When I asked a representative of one of the state's most influential business groups whether Dr. DeWeese had played a prominent role in the reform process, the representative replied:

I probably wouldn't choose the word prominent. But, was he active and involved? Yes. Did he play a significant role? Yes....I think he deserves a lot of credit for being an early supporter of parental choice and chartered public schools. TEACH Michigan did a lot to lay the groundwork for some of these issues.

The perception that DeWeese played a significant, if not prominent, role in pushing for charter schools accords with Polsby's (1984) observations regarding the exchange relationship between policy entrepreneurs and politicians (or "policy champions"). As discussed later, Governor Engler enjoyed the glory for the charter schools legislation. Polsby (1984) notes that policy entrepreneurs often forego credit but do get to enjoy policy successes. A member of TEACH Michigan provided insight into the politics of the situation by stating:

[W]e really felt that the Governor was strongly supportive of what we were trying to do.... Maybe it's best to put it the other way. We were strongly supportive of what we felt the Governor was trying to do.

A TEACH Michigan brochure asserts that the organization had a "vital part" in the drafting and passage of the charter schools legislation (TEACH Michigan 1994). At least one lawmaker familiar with the brochure noted it to me and scoffed at the assertion. However, the brochure also includes a reproduction of Governor Engler's signature below the following statement: "TEACH Michigan made this [the Charter School Bill] possible." What was the justification for such a proclamation on the part of TEACH Michigan? One way the organization helped to make the legislation possible was by providing direct assistance to the Governor's Office. During the SB 1 policy crisis, an attorney for Governor Engler telephoned Dr. DeWeese and asked TEACH Michigan to pay for the bill-drafting services of another attorney and close friend of Governor Engler, Mr. Richard McLellan. DeWeese agreed to do so, and Mr. McLellan assisted in writing the charter schools legislation that passed during the closing days of the reform process.

Governor Engler recognized that the SB 1 policy crisis provided a window of opportunity for achieving the passage of charter schools legislation. Gaining charter schools legislation would enhance the Governor's efforts to promote himself as an education reformer. A Republican senator noted that charter schools were "an important banner for the Governor to have in the 1994 elections: 'See, this is what we're doing to help [the] schools [system]. We're creating these new charter schools.'" Another leading Republican legislator suggested that, for reasons of political ambition, Engler was interested in developing a national reputation as an education reformer.

The Governor recognized that skillful bargaining during the SB 1 policy crisis could yield legislative approval for charter schools. Governor Engler was certainly the "policy champion" on the issue of charter schools.³¹ According to a leading Republican lawmaker, charter schools was "the thing the Governor wanted the most" out of the SB 1 policy crisis. Another Republican lawmaker with close ties to the Governor noted that Engler "supported schools of choice, but that was more negotiable. He, in effect, said he wouldn't sign a tax plan if there wasn't [a provision for] charter schools."

A lawmaker explained:

What you had on the school improvement side was the whole spectrum of people who didn't want to change the status quo much at all to those who wanted to tear up the status quo. The challenge was trying to find a plan like charter schools to get sufficient support from the middle.

A member of CBS who had worked diligently to promote choice and charter reflected on the passage of the charter schools bill and on elements of the politics of policy innovation. First, he emphasized the significance of a state-level version of what Kingdon might call the "national mood." This CBS member avowed that even with a strong governor, the charter schools legislation would not have passed 10 years ago. He emphasized the importance of the social and political context in creating conditions favorable for policy innovation. He characterized this contextual element as a necessary but not a sufficient condition for policy innovation to occur. The second necessary, but not sufficient, element he emphasized was "strong leadership." He stated that the leader has to be "principled and strong, and willing to take the brunt of the attack" by those

³¹ Some might even characterize Engler as a policy entrepreneur on this issue.

who favor the status quo. Finally, the leader "cannot be out there isolated." Rather, political support must be generated. The CBS member noted that such support does not result from the efforts of the leader alone, but also due to the efforts of legislative leaders and outside community organizations. These allies can then pressure legislators to "line up behind the political leader."

Indeed, a lawmaker noted that his Republican colleagues faced political incentives to vote for charter schools since Engler had taken such a strong position on the issue. A Democratic lawmaker stated that Governor Engler had made it "very clear" that he was not going to accept a school finance reform plan without also securing legislation for charter schools. Members of the CBS credited the Governor for his "strong initiative and willingness to take the political heat" on the choice and charter issues.

A charter schools law approved by the Governor on 22 December 1993 was replaced a few days later with a revised law that was generally more permissive than the first; i.e., the second law created more favorable conditions for the proliferation of charter schools.³² The first law was restrictive with regard to the individuals and entities that could establish and operate a charter school while the second law was more permissive on these criteria.³³ It should be noted, however, that the second law also included language that explicitly required a charter school authorized by a school district

³² The first law was approved in the House on 20 November 1993 by a vote of 65-34. Fifty Republicans and 15 Democrats voted in favor of the legislation while 29 Democrats and five Republicans were opposed. The law was approved in the Senate on 10 December 1993 by a vote of 20-17. Nineteen Republicans and one Democrat voted in favor of the bill while 15 Democrats and two Republicans were opposed.

³³ The first law gave a primary role to certified teachers in forming charter schools. The second law permitted virtually anyone to form a charter school.

to abide by the collective bargaining agreements for school employees in that district. This provision was a concession to the teachers' unions. However, it was not a major concession on the part of the Governor since he envisioned that universities would do much of the chartering, and the charter schools authorized by universities were not required to abide by district collective bargaining agreements.

The Governor recognized that a broader charter schools law could be pushed through the legislature during the confusion of the closing hours of the reform process. In the words of a House Republican lawmaker, the Governor had come through with a revised charter schools bill at "the eleventh hour." The lawmaker perused the bill and was unhappy that only public entities -- local and intermediate school districts, community colleges and universities -- could sponsor charter schools. The lawmaker perceived that these entities were interested in maintaining the current status of the public school system. The lawmaker recounted the following:

And then I was pulled aside and [was] told "CMU [Central Michigan University] is gonna be the charter school factory." [laughs] I mean the Governor basically told some of us.... I do remember Representative --- telling me, he says "---, you'll want to vote for this." ... He said "CMU is going to be very interested in doing this because a majority of their board has been appointed by the Governor."...This is the really juicy part...The Chairman of the Board of CMU is Sid Smith, who is a major fundraiser for the Governor. And basically the Governor had pretty good control of the CMU Board of Directors. So, it was kinda like the Governor has appointed most of the boards to most of these universities that have appointed boards...."Hey, this is one that is going to go." And you notice CMU is [now going to be] receiving a \$500,000 appropriation for its charter school program...that is no accident at all. That's being given to CMU because of the work that they have done with charter schools.

The Governor's charter schools bill, introduced by Republican Senate Majority Leader Dick Posthumus, passed in the Michigan Senate on 10 December 1993 by a vote of 31-3. Seventeen Republicans and 14 Democrats voted in favor of the bill while three Republicans voted against the bill. On 24 December 1993, the bill passed in the House by a vote of 97-2. Fifty-two Republicans and 45 Democrats voted in favor of the bill while two Republicans voted against the bill. Democratic lawmakers, in particular, did not want to be viewed as stubbornly opposed to any major school quality reform.

The charter schools legislation adopted has potentially larger implications for the public school system than did the inter-district school choice proposals that were rejected. While the inter-district school choice proposals provided for greater choice from among existing public schools, approval for charter schools permitted a much larger change in the educational delivery system. The charter schools legislation approved by the legislature in December 1993, and signed by the Governor in January 1994, provided that any individual or group (except a religious entity) could organize a charter school; and, the sponsors could be local school boards, intermediate school districts, community colleges, and universities.³⁴ Further, charter schools sponsored by a public entity other than a school district are not bound by the collective bargaining agreements and other policies of the district in which they are located.

In short, adoption of the charter schools law means that school districts no longer

³⁴ It should be noted that this law -- Public Act 362 of 1993 -- was declared unconstitutional in November 1994 by Ingham County Circuit Court Judge William Collette. In response to Collette's ruling, lawmakers passed a revised charter schools law -- Public Act 416 of 1994 -- in December 1994. The revised law gives the state board of education a larger role in overseeing charter schools.

have a monopoly on the delivery of public education. Charter schools continue to be viewed as threatening to the education establishment because charter schools compete with traditional public schools for students and the funding that follows them. Charter schools are prohibited from charging tuition and receive the per pupil foundation allowance for the district in which the school is located or \$5,600, whichever is less. Thus, many education reformers would contend that securing legislation for charter schools was a larger victory than approval for inter-district school choice would have been.

The passage of the charter schools legislation is remarkable for several reasons. First, while polling data indicate some public support for such an innovation, there did not appear to be an overwhelming public demand for charter schools legislation. In a September 1993 *Detroit Free Press* survey of likely voters, 28 percent of the respondents agreed that letting students attending the public school of their choice would "make schools worse," 19 percent said it would "make no difference," 20 percent said school choice would "improve schools a little," and 25 percent said it would improve schools "a lot." (Trimer-Hartley 1993a). While the survey did not inquire specifically about charter schools, charter schools are a form of school choice. In a September 1993 poll of Michigan citizens, conducted by the Institute for Public Policy and Social Research (IPPSR) at Michigan State University, in which respondents were asked whether they favored the introduction of charter schools in Michigan, 48.6 percent of the respondents were opposed, 47.8 were in favor, and 3.7 percent didn't know (IPPSR 1993).

Second, the SB 1 policy crisis was recognized by lawmakers as a crisis in school

finance, not in school *quality*. However, reforms underway in the system of school finance increased the likelihood that charter schools legislation would be approved. As discussed in Chapter Seven, the overhauling of the school finance system shifted the bulk of the responsibility for school funding to the state level. A new, state-funded per pupil "foundation grant" was established in the state school aid formula. This reform meant that the previously difficult issue of how charter schools would be funded was alleviated. Prior to the overhaul of the school finance system, school funding had a local focus. The local controversies and disparities in charter schools funding that were previously likely to arise were avoided when the bulk of the responsibility for funding the schools was shifted to the state level.

Third, the education community (the most prominent and vocal member being the MEA) was strongly opposed to both inter-district school choice and charter schools. The defeat of inter-district school choice cannot be attributed solely to the power of this opposition since, as noted earlier, some Republicans were also uncomfortable with the school choice proposals. The passage of the charter schools legislation suggested that the power of those with a stake in the status quo had weakened. The education establishment was unable to thwart the passage of charter schools legislation.

Perhaps the success of the charter schools legislation was due partly to the fact that legislators brought different perspectives to the issue. For example, a Democratic lawmaker emphasized experience with alternative education:

For some of us who were on the Democratic side, charter schools wasn't a new concept. In Detroit, we have tried different approaches to improving public education for quite awhile. We've tried magnet schools and we tried

specialized schools, that's all charter schools are....we weren't scared by the concept.

A leading Republican lawmaker offered a different perspective:

As far as charter schools are concerned...I think no one makes any bones about it, [they] are a very clever sort of an artifice that one sets up: a.) to provide choice and, b.) to provide public dollars for private education. And it's not a bad idea. I think it's a good idea. How far you can go with it, only time will tell. It's something we probably need in education because it does give people a choice, it gives them an alternative. And it also makes that level of education, which is in essence private education, available to everybody. Because your state formula money, as you know, follows the student.

Another Republican lawmaker likened charter schools to the "university schools" he had witnessed in his college days:

When I went through college,...university schools were very much a part of many of our colleges. And my feeling is that charter schools will never be established unless there is the neglect of some interest, be that the interests of some parents, or of other interests. If those interests are not fulfilled by a local school board, then charter schools will grow. And...they're innovative, just like the university high schools were. They may be created to meet a particular need...and... I see the university school concept... as being similar to charter schools...that concept was a part of our educational system a number of years ago....

Each of the lawmakers with whom I spoke about the charter schools issue conveyed that the charter schools innovation was a more "palatable" form of school choice than the inter-district scheme.

Lawmakers, members of the Governor's staff, and interest group representatives whom I interviewed about charter schools agreed that the Governor was determined to

secure legislation for charter schools. He had signalled that he would not sign a school finance reform package unless the legislature also approved charter schools legislation. When I asked Democratic legislators about the success of the charter schools legislation, more than one interviewee replied "You gotta give 'em somethin.'" When I inquired about the meaning of this statement, I was told that charter schools were a bargaining chip for the Governor and that the Democrats thought it was politically unwise to be obstructionists on every quality reform proposal put forth by the Governor. After the education leaders in the legislature had devised the school quality reform bill, they recognized that the bill lacked even "one thing that the Governor said he was going to do" in his October 1993 speech. Republican legislative leaders informed the Democratic leadership that they had to have "something [on school quality] to take back to the Governor." In turn, the Democratic leaders recognized that:

...we're going to have to give the Governor something on this. He's gonna have to have a trophy. He's gonna have to have something to put up on the wall and say "Well, this is my package and I did this and I did that." So there had to be at least something that he wanted, and we found the most pliable was the charter school aspect.

Further, by approving legislation for charter schools, lawmakers could indicate to their constituents that they were taking steps to improve school quality beyond "throwing more money at the schools." A leading lawmaker attributed the success of the charter schools legislation to the fact that charter schools comprised "a new approach...that people seemed to be willing to buy into." He emphasized that "rather than just trying to re-work an old concept," lawmakers were adopting a genuine innovation in school quality.

CONCLUSION

This chapter has demonstrated that a policy crisis in a given policy area can open a valuable window of opportunity for policy entrepreneurs to advance their policy goals in a related policy area. Although the passage of SB 1 initiated a pressing crisis in school finance, advocates of school quality reform were able to achieve access to the decision agenda. Beyond the package of relatively minor school quality reform items adopted, lawmakers made provision for a major innovation in the delivery of public education. A policy entrepreneur helped to create a receptive political climate for charter schools, and skillful leadership and resolve on the part of Governor Engler helped to secure legislative approval for charter schools. Despite the complexity and urgency of the school finance crisis -- or, perhaps, because of it -- legislation for a significant school quality reform was approved during the SB 1 policy crisis.

The charter schools legislation was only part of the important policy change arising out of the SB 1 policy crisis. In the next chapter, I return to the school finance issue in a discussion of the outcomes of the SB 1 policy crisis.

Chapter Seven

Outcomes of Crisis Policymaking

INTRODUCTION

In previous chapters, I defined the concept "policy crisis" and discussed the effects of a policy crisis on the policymaking process. In this chapter, I review the effects of a policy crisis on policy outcomes. My research suggests that policy crises are likely to provoke major policy change. The chapter begins with a review of the research literature on policy change. A Key Point is then presented and applied to the Michigan case. The chapter includes a review of the key policy outcomes of the SB 1 policy crisis; lawmaker perspectives on the SB 1 policy crisis and its legacy are also presented; and, two potential policy crises following the SB 1 case are discussed.

POLICY CHANGE

There is debate in the research literature over the scope of policy change that can (and should) be expected of policymakers. Do policy crises tend to encourage significant policy change? Before this question can be answered, one must first distinguish incremental policy change from nonincremental policy change. There is no objective method by which to classify incremental and nonincremental policy change. Hayes (1992: 147) aptly explains:

To the extent that different observers have different values, and thus different policy priorities, comparative judgments as to the larger social or economic significance of various policy changes are bound to be highly subjective at best. What appears to be a major change to one observer may be classified as incremental by another.

The policymaking literature provides little guidance for systematically distinguishing between incremental and nonincremental change. Lindblom has played a key role in the development of the concept of incrementalism.¹ Incrementalism as a political pattern is political change by small steps (Lindblom 1979: 517).² Lindblom has suggested that incrementalism varies by degree and that "[w]here the line is drawn is not important so long as we understand that size of step in policy making can be arranged on a continuum from small to large" (ibid.).

In his examination of agenda change, Kingdon declines to specify a precise boundary line between incremental and nonincremental change (1995: 81-82). Kingdon (1995) distinguishes between the policy agenda and policy alternatives. From his view, agenda change is not incremental. Kingdon (1995) notes that a "focusing event," such as a crisis, may suddenly push an issue onto the policy agenda. "Instead of incremental agenda change, a subject rather suddenly 'hits,' 'catches on,' or 'takes off'" (ibid.). However, when policymakers turn to consideration of policy alternatives, "they repair to ideas and approaches with which they are already familiar" (Kingdon 1995: 82).

Incremental policymaking occurs when policymakers "take what they are currently doing as given, and make small, incremental, marginal adjustments in that current

¹ See, e.g., Braybrooke and Lindblom (1963) and Lindblom (1959, 1979). Aaron Wildavsky also played a key role in the development of the concept of incrementalism. See Wildavsky (1984). For a summary of incrementalism and an appraisal of criticisms levied against it, see Weiss and Woodhouse (1992).

² Incrementalism is also a form of policy analysis. Components of this decision strategy include limiting analysis to a few familiar policy alternatives and a focus on ills to be remedied rather than positive goals to be sought (Lindblom 1979). See also Berry (1990) and Weiss and Woodhouse (1992).

behavior" (Kingdon 1995: 79). Since incremental policymaking does not involve review of an entire policy, it is advantageous for policymakers with limited resources (including time and information). Further, an inability to calculate the potential "political fallout" from major policy change leads politicians to avoid such change (Kingdon 1995: 80). They will also be concerned about the budgetary implications of large new programs (ibid.).³ Nice (1994: 17) points out that "[a] governor or legislative leader who initiates a proposal that is subsequently defeated may suffer a loss of prestige and credibility." Due to the difficulties and political concerns involved in enacting major policy change, policymakers face powerful incentives to choose minor adjustments in current programs over innovations (ibid.).

Instructively, Kingdon characterizes incrementalism in policymaking as part of a long-term strategy for manipulating outcomes: "those who advocate major changes find they often must push for one small part at a time in order to move in their preferred direction" (1995: 80). Similarly, Lindblom (1979: 521) suggests that incrementalism is a way of "'smuggling' changes into the political system," and "[i]ncremental changes add up" (ibid.).

Braybrooke and Lindblom (1963:66) contend that "the likelihood that decisions can accomplish large social changes and, at the same time, be guided by a high level of intellectual comprehension of the problem is slim." In their view, a decision to achieve large change on an issue tends to be characterized by low levels of understanding of the

³ Kingdon (1995: 80) notes that "specialists" (i.e., staff, bureaucrats, interest group representatives, researchers) will also avoid major changes due to apprehension about not fully understanding the unanticipated consequences that might ensue; and, they will also be concerned about budgetary implications.

facts of the issue and of the potential consequences of the decision. They question whether there is even one example of "a decision for which it can be claimed both that it accomplished a large change and that its implications were comprehensively and clearly understood beforehand" (Braybrooke and Lindblom 1963: 68).

According to Braybrooke and Lindblom, the combination of high understanding and large policy change is reserved for "the realm of superhuman decision-makers" (ibid.). They contend that the typical policy decision is characterized by a low level of understanding and results in incremental change. When incremental change is characterized by high understanding on the part of the actors effecting the change, it is usually carried out by an administrative or professional entity (Braybrooke and Lindblom 1963: 70-71).

Braybrooke and Lindblom emphasize that the "synoptic [rationality-based] model" of policymaking does not consider the limitations of human cognitive capacity and resources. To use Simon's (1957) term, human decisionmaking is characterized by "bounded rationality." However, large policy changes characterized by imperfect understanding are neither typical nor rare (Braybrooke and Lindblom 1963: 68). Braybrooke and Lindblom note that major policy change is sometimes inescapable, forced on decision-makers by circumstances such as a crisis (ibid.). In addition, policymakers sometimes deliberately adopt major policy change because "the potential rewards seem attractive enough to outweigh the perils imposed by imperfect understanding" (ibid.).

Braybrooke and Lindblom (1963: 73) assert that "political democracy is often greatly endangered by nonincremental change" and such change can be accommodated

only in certain limited circumstances. The viability of the complex structure of society can be assured "only by meeting certain preconditions, among them that certain kinds of change are admissible only if they occur slowly" (ibid.).⁴

The pursuit of incremental change directs policy toward specific problems -- the nature of which are continually being re-examined -- rather than toward comprehensive reforms (Braybrooke and Lindblom 1963: 74). Incremental policy change also involves the pursuit of "long-term changes through sequences of moves" (ibid.). Braybrooke and Lindblom (1963) note that decisions that first appear to be nonincremental may not be such upon closer examination. They cite the decision to convert from peacetime to wartime economy as an example of a policy which at first appears nonincremental but was actually the result of a sequence of decisions over time prior to the beginning of World War II (Braybrooke and Lindblom 1963: 75).

The above arguments of Braybrooke and Lindblom reflect the difficulty of differentiating between nonincremental and incremental policy change. Since the decisions that policymakers make today are inevitably influenced by past decisions, it might be contended that every policy change is but an incremental step in the grand scheme of things. A policy change characterized as nonincremental today might be labelled incremental when viewed over the long-term history of a policy area. Hence,

⁴ "In incremental politics, political parties and leaders compete for votes by agreeing on fundamentals and offering only incrementally different policies in each policy area in which they wish to compete" (Braybrooke and Lindblom 1963: 73). This phenomenon is a prerequisite for the survival of democracy (Ibid). "Avoiding social cleavage along ideological lines, which is exacerbated when issues of ultimate principle are raised, incremental politics explores a continuing series of remedial moves on which some agreement can be developed even among members of opposing ideological camps" (Braybrooke and Lindblom 1963: 74).

our assessments of the magnitude of a given policy change will necessarily be affected by the time-frame in which we consider that change. Braybrooke and Lindblom highlight the value of a long-term perspective for evaluating policy change. Sabatier (1991, 1993) also emphasizes the importance of evaluating policy change over a decade or more.

Etzioni (1967) distinguishes between fundamental (or nonincremental) decisions and incremental ones. He explains: "[a]lthough fundamental decisions are frequently 'prepared' by incremental ones in order that the fundamental decision will initiate a less abrupt change, these decisions may still be considered relatively fundamental" (1967: 387). Etzioni (1967: 391) highlights the role that crises play in serving to build consensus for major policy change in areas where such change is overdue.

Etzioni remarks that once a fundamental decision is made, it is difficult to reverse it (1967: 388). Further, "incremental changes are often the unfolding of trends initiated at critical turning points at which fundamental decisions were made" (ibid.). In support of this notion, Etzioni offers the example of the fundamental decision to establish a national space agency in 1958. This key decision was followed by a series of incremental decisions regarding the space program. Etzioni's conceptualization of fundamental versus incremental decisions is useful because it avoids the pitfall of characterizing all policy change as incremental.

Wilson (1973) distinguishes between "the adoption of a new policy and the amendment of an existing one" (330). According to Wilson, the most important new public policies are preceded by "a change in opinion or a new perception of old arrangements sufficient to place on the public agenda what had once been a private

relationship and to clothe a particular program with legitimacy" (ibid.). Such changes in opinion or redefinitions of what constitutes legitimate government action are rarely accomplished by organized interests alone (ibid.). Wilson (1973) contends that such changes can result from "dramatic or critical events" (e.g., a depression, a war, or a national scandal) and from extraordinary political leadership (ibid.).

Wilson's examples of new policies include Social Security, Medicare, civil rights laws, new regulatory laws for consumer protection, and federal assistance to law enforcement and education. Sometimes political organizations have assisted in agenda setting for new policies. "At other times, the new departure represented the activities of policy entrepreneurs who, by combining personal skill, strategic institutional position, and fortuitous circumstances, managed to obtain consent for a new policy departure" (Wilson 1973: 330-31).

Wilson contends that such measures "represent major redefinitions of the proper role and powers of government; they were controversial mainly in that people differed importantly over what it was legitimate for government to do" (1973: 330). While most new or enlarged powers of government are soon taken for granted, other programs retain a controversial status for longer periods of time and may be objects of organized struggles (Wilson 1973: 331). "Other programs remain controversial until an accommodation is reached with the groups whose interests they threaten to harm" (ibid.).

Brown (1983) classifies policies into two primary types: *breakthrough* and *rationalizing*. *Breakthrough policies* follow a period of policy deadlock and establish a new role for government in a given issue area. Since the structural bias of the political

system is toward inaction, "[a]ction is therefore unlikely until a broad exercise in coalition and consensus building comes about through changes in attitudes, values, perceived needs, and (thereby) tastes for public action" (Brown 1983: 9). Brown observes that such changes often follow a crisis such as a depression or war, and are "channeled into and expressed by means of election results" (ibid.).

Rationalizing policies are attempts to remedy problems of existing government programs. The term "rationalizing" denotes an attempt to make policies more rational or problem-free (Brown 1983: 7). Brown distinguishes rationalizing policies from incremental policies, and he notes that incrementalism has usually referred to a slow but steady set of additions to the governmental agenda. On the other hand, rationalizing politics exhibit intense concern with changes in the character of existing programs. Brown (1983: 8) notes that such changes may extend to what Demmel (1974) refers to as "decrementalism." Brown's views on incremental agenda change stand in contrast to Kingdon's assertions that agenda change is typically nonincremental. Brown explains that his classification scheme is an oversimplification used specifically to discuss rationalizing policies. However, he briefly mentions "one very important in-between type" of policy -- the steady, incremental expansion of breakthrough programs over time (1983: 11).

Hayes (1992) agrees with many other policy analysts that incrementalism is the norm in public policymaking. He avows that "*[n]onincremental change is quite simply impossible for many issues*" (Hayes 1992: 195, emphasis is Hayes'). In Hayes' view, a number of factors (e.g., bicameralism, checks and balances, capitalist values, political

incentives, and inherent limits on human cognitive capacity) preclude nonincremental policy change. However, Hayes states that "[s]ignificant problems of classification arise...when all policy outcomes falling short of systemic transformation are lumped together under the single heading of incremental policy change" (1992: 146). Operating at the federal level of analysis, Hayes (1992) has developed a typology of policy change comprised of four categories: *incremental rationalizing policies*, *nonincremental innovations*, *federal role breakthroughs*, and *rationalizing breakthroughs*.

Incremental rationalizing policies build upon an established government role and make changes by small increments. Policymakers lack an adequate knowledge base to make larger changes. Such policies "deal, through trial and error feedback, with problems arising out of government programs" (Hayes 1992: 149). Hayes suggests that incremental changes in the Aid to Families with Dependent Children program fall within this category.

Nonincremental innovations are "unambiguously nonincremental" policies which entail both the creation of a new governmental responsibility for dealing with a particular problem and the formulation of a coherent strategy for solving the problem (Hayes 1992: 149). The policy community surrounding the issue in question is characterized by "consensual knowledge."⁵ According to Hayes, very few policies fall within this category. Hayes asserts that fundamental changes occurring in a single, large step --

⁵ Hayes borrows this term from Rothstein (1984). Rothstein defines consensual knowledge as "a body of belief[s] about cause-effect and end-means relationships among variables (activities, aspirations, values, demands) that is widely accepted by the relevant actors, irrespective of the absolute or final 'truth' of these beliefs" (1984: 736).

nonincremental innovations -- are extremely rare (1992: 153). Hayes cites *Perestroika* and other events of the final days of the Soviet Union as "probably" qualifying as nonincremental innovations. The New Deal program "might" also fall within this category of policy change (ibid). Hayes avows: "[t]hese examples would suggest that a systemic crisis is required to produce nonincremental innovations -- one that threatens the very survival of the existing political or economic order" (1992: 153).

In contrast to Kingdon's (1995) assertions regarding incremental policy alternatives, Hayes (1992) suggests that policymakers do not necessarily confine themselves to analysis of incremental alternatives. Hayes' classification scheme accounts for "major new federal activities" and "major expansions of federal capacity to deal with previously established federal activities" (1992: 153). Hayes asserts that such changes "are routinely considered at the agenda-setting and policy adoption stages" (ibid.). Such changes comprise the third and fourth categories of Hayes' typology of change, discussed below.

Federal role breakthroughs establish a new government role yet fail to provide a concrete strategy for dealing with a particular problem. Policymakers employing this type of policy change labor under an inadequate knowledge base. An example of a federal role breakthrough is the Elementary and Secondary Education Act of 1965. The law "created a major new federal role in education" but "it was by no means clear how federal involvement was supposed to improve the quality of education at the local level, beyond the injection of substantial new money into the system" (Hayes 1992: 149). According to Hayes, policymaking tends to take on very different patterns for familiar

and unfamiliar problems; and, unfamiliar issues tend to permit federal role breakthroughs at best (Hayes 1992: 148, 162). Hayes explains:

Even where legislators genuinely want to address an urgent problem, they may lack the scientific, technological, or organizational knowledge base for solving it. Under such circumstances, statutes serve to establish a particular problem as an important federal priority and assign responsibility for deciding how to respond to it to one or more federal agencies. They say little or nothing about the means through which the problem is to be solved. (1992: 148)

Finally, Hayes' fourth category of policy change combines Brown's (1983) breakthrough and rationalizing policies. *Rationalizing breakthroughs* are policies that significantly expand governmental capacity for effective action in an issue area where a governmental role has previously been established (Hayes 1992: 151). "[I]n contrast to the pattern for incremental rationalizing policies, a rationalizing breakthrough requires the emergence -- from any of a wide variety of sources -- of an apparent solution to a problem already plaguing the federal government in carrying out a previously established role" (Hayes 1992: 151). Examples of policies falling within this category include the creation of health maintenance organizations to try to control medical costs, and the Voting Rights Act of 1965 (ibid.). Major increases in federal capacity are most likely to occur for relatively familiar issues for which a policy community has been developed (Hayes 1992: 162).

Hayes (1992) contends that the emergence of workable solutions to problems is much more likely to occur for familiar issues, where a governmental role has previously been established. He asserts that the development of policy communities over time tends

to produce an expansion in the available knowledge base, which, combined with agenda convergence, can facilitate both rational decision making and large changes in policy (1992: 158).⁶

In contrast, "ready-made solutions will not exist for brand new problems that are forced on the agenda by events" (Hayes 1992: 156). Hayes explains that nonincremental change may be warranted in such a situation, but "incrementalism is almost guaranteed by the limited capacity of the system to even consider, let alone produce, large change when faced with an unfamiliar problem" (1992: 157). Hayes (1992) conceives of nonincremental policy change as an outcome of a cyclical process. According to Hayes, nonincremental policy change is most likely to occur only for familiar problems on which policymakers have gained experience over time and developed consensual knowledge. The typology developed by Hayes is useful because it reflects that policy change varies by degree.

Baumgartner and Jones (1993) delineate a relatively optimistic view of the possibilities for nonincremental policy change. They assert that "the American political system, built as it is on a conservative constitutional base designed to limit radical action, is nevertheless continually swept by policy change, change that alternates between incremental drift and rapid alterations of existing arrangements" (Baumgartner and Jones 1993: 236).

Baumgartner and Jones distinguish between "negative feedback" and "positive

⁶ In this context, Hayes (1992: 158) describes the 1986 tax reform process as one "of nonincremental change from beginning to end; at every stage of congressional consideration, the proposals receiving serious consideration would all have abolished the existing tax code and replaced it with a coherent alternative constructed from the ground up."

feedback." During negative feedback, as political actors invest more and more resources in the political arena, they achieve a smaller marginal effect for their efforts (Baumgartner and Jones 1993: 16). The political system remains relatively stable; and, change is very slow and not usually by large amounts even over long periods. When shocks are introduced into such a conservative system, it moves away from equilibrium for a time and then returns to the status quo ante (ibid.). In contrast, during positive feedback, small inputs can have major effects as they work their way through a complex system (Arthur 1988, 1989, 1990). "Rather than finding diminishing marginal change, each change is greater than the last one" (Baumgartner and Jones 1993: 16).

Negative feedback dominates during "quiet periods" of policymaking. Policy innovations rarely capture the imagination of many individuals and change is slow or rare (Baumgartner and Jones 1993: 236). Positive feedback dominates during periods of rapid change. Since each action generates disproportionately large responses, change accelerates (ibid.). Critical points, called windows of opportunity, occur before the initiation of a positive feedback process (ibid.). Hence, Baumgartner and Jones contend that "punctuated equilibrium, rather than stability and immobilism, characterizes the American political system" (ibid.). Although incremental change tends to be the norm in a given policy area, policy areas are also likely to be "punctuated" by periods of rapid, unpredictable change.

Instructively, Baumgartner and Jones assert that "institutional structures in American politics are generally not easy to change, but when they do change, these changes often lead to dramatic and long-lasting changes in policy outcomes" (1993: 12).

They note that public policy actions "can be affected for decades at a time by 'critical periods' during which new institutions and new understandings of old problems are promulgated. These periods of change, when they occur, are likely to leave institutional legacies that will structure, influence, and bias public policy outcomes for decades" (Baumgartner and Jones 1993: 251). This view of policy change is consistent with Etzioni's notion of "fundamental decisions."

Baumgartner and Jones suggest that researchers attempt to explain the "disruptive periods" of change and their implications rather than try to fit them into models of stability and incrementalism (*ibid.*). In accord with the theory put forth by Baumgartner and Jones, Light notes that the Social Security program "had grown in a series of small, incremental steps, punctuated by occasional major breakthroughs" (1995: 34). My research on the Michigan case is aimed at increasing our understanding of the dynamics and implications of these "critical periods" of change. Such critical periods might be characterized as turning points in a policy area. Indeed, Rosenthal et al. (1989: 23) note that a crisis may become "the one and only point of reference from which new plans and procedures are developed." This is symbolically reflected in such "post-crisis labels" as "post-Chernobyl" (*ibid.*).

Baumgartner and Jones assert that "nonincremental change does not imply comprehensive, rational, [sic] decision making, nor does it imply that any particular set of decision makers are in control of the process" (1993: 236). They suggest that the dynamics of periods of nonincremental change are particularly difficult to control, and rapid change in policy outcomes does not imply anything about rationality,

comprehensiveness or quality (ibid.). "Vast policy changes may be initiated with neither comprehensiveness nor coordination" (ibid.).

In Downs' (1972) "issue-attention cycle" a stage of low attention is followed by a period of "alarmed discovery." His model is pessimistic about the chances for major policy change. Downs contends that a realization of the costs of fixing problems sets in and is accompanied by a gradual decline in public interest. Baumgartner and Jones concede that there may indeed be such cycles; however, they assert that "alarmed discovery" may result in institutionalization of new programs aimed at dealing with the problem (1993: 87). They state that "public attention to a given issue may fade, but even a short-lived spurt of interest may leave an institutional legacy" (ibid.).

The literature reviewed above indicates that policy crises encourage major policy change. A common theme in the literature is that "focusing events" or the opening of "policy windows" precede major policy change. For example, Baumgartner and Jones (1993) note that "critical points" precede periods of rapid policy change. In Kingdon's (1995) terms, a "focusing event," such as a crisis, can open a "policy window." Wilson (1973) highlights that "dramatic or critical events," such as crises, can lead to major policy change. Both Etzioni (1967) and Brown (1983) point out that crises encourage consensus on the need for major policy change in areas where such change is overdue.

Hayes (1992) contends that major policy change is most likely to occur for familiar problems on which policymakers have gained experience over time and have developed consensual knowledge. However, Baumgartner and Jones (1993: 43) contend that "[w]here the nature of a policy community changes from small, consensual, and

homogeneous to large, conflictual, and heterogeneous, the likelihood increases that a given issue will rise higher on the national political agenda." Further, Baumgartner and Jones (1993) note that large policy change is not necessarily rational and coherent. They add that major policy change does not imply that any particular set of decision makers are in control of the process (Baumgartner and Jones 1993: 236).

In contrast to the risk-averse policymakers portrayed by Hayes (1992) and Kingdon (1995), Braybrooke and Lindblom (1963) explain that policymakers sometimes (i.e., neither typically nor rarely) accept the risks involved in adopting major policy change because the potential rewards seem attractive enough to outweigh the dangers of imperfect understanding. Further, Braybrooke and Lindblom (1963) note that major policy change is sometimes unavoidable due to circumstances such as a crisis. The policy outcomes of the SB 1 policy crisis neatly accord with the policymaking model of "punctuated equilibrium" advanced by Baumgartner and Jones (1993). In this context, it is instructive to recall Key Points 1.1, 1.2 (see Chapter Three), and 2.6 (see Chapter Six) which emphasize the pressures and incentives for policy change faced by lawmakers.

In assessing policy change, Etzioni (1967) examines the extent to which a new policy comprises a "fundamental decision" and serves as the basis for future incremental policy change. Wilson (1973) focuses on the extent to which the role and powers of government are altered by a given policy change. Hayes (1992) similarly focuses on the role of government in his framework for classifying policy change.

Policy changes can be arranged on a continuum from incremental to nonincremental (or major). Based on the literature, whether policy changes are

appropriately categorized as "major" can be assessed according to the extent to which: (a) new policies deviate from old policies, (b) the government takes on new activities, and (c) new policies serve as the basis for future incremental policy change.

The literature reviewed above provides the basis for the following Key Point:

Key Point 3.1: *A policy crisis marks a turning point in a policy area and is likely to result in rapid, major policy change.*

OUTCOMES OF THE SB 1 POLICY CRISIS

As indicated by the preceding literature review, it is difficult to definitively distinguish between incremental and major policy change. A policy change characterized by one analyst as "major" may be viewed by another as merely "nonincremental." Further, the time-frame in which we analyze change in a policy area will affect our definitions of that change. A policy change viewed as nonincremental today may be viewed as merely incremental 10 or 20 years later. The policies arising out the SB 1 policy crisis are relatively young; however, thus far, several of these policies appear to qualify as major policy changes, or "fundamental decisions." That is, they are serving as new foundations on which to build incremental policy changes.

In the following analysis of the policy outcomes arising out of the SB 1 policy crisis, I examine the extent to which new policies deviated from previous policies and the extent to which the state took on new activities. Further, I indicate the "fundamental decisions" that arose out of the SB 1 policy crisis, and demonstrate that the crisis marked a turning point in school finance and school quality policy in Michigan.⁷

⁷ For a concise overview of the outcomes of the SB 1 policy crisis, see Vergari (1995).

As noted in Chapter Five, lawmakers approved two alternative school finance reform plans in late 1993. The statutory "back-up" plan (centered on a hike in the state income tax) was set to go into effect if voters rejected the ballot plan (centered on an increase in the state sales tax). A summary of the provisions of each of these plans is found in Table 7.1. Lawmaker approval of the back-up plan was a key factor that ensured that major policy change would result from the SB 1 policy crisis. The precise form this change would take was determined in March 1994 when voters approved the ballot plan (Proposal A). Proposal A included several amendments to the Michigan Constitution regarding property taxes and school finance. The ballot language of Proposal A is found in Table 7.2.

The policy reforms resulting from the SB 1 policy crisis can be categorized into three main types: tax reform, school finance reform, and school quality reform. The first and second categories are, of course, closely interrelated.

Tax Reform

Property tax relief When lawmakers abolished the local property tax as a source of school funding, they were faced with finding replacement sources for over \$6.5 billion in school revenue. A provision in the Michigan Constitution limits the total amount of taxes that the state can levy to a fixed percentage of total state personal income.⁸ This limit meant that lawmakers could not turn wholly to state revenue sources to fund the schools. Thus, Proposal A included a partial reinstatement of property taxes for school

⁸ A formula stipulated in the 1978 Headlee Amendment to the Michigan Constitution provides that state tax revenues cannot exceed 9.49 percent of total personal income in the state. The limit can be exceeded if the governor and two-thirds of the members of both chambers of the legislature declare an emergency.

TABLE 7.1: Selected Features of the Ballot and Statutory School Finance Plans, March 1994

	Ballot Plan	Statutory Plan
Per pupil foundation grant	Min. \$4,200. Within 5 yrs., min. is \$5,000.	Min. \$4,200. Within 5 yrs., min. is \$5,000.
1994-95 School Aid	\$10.205 billion.	\$10.205 billion.
Sales/use tax	Inc. from 4% to 6%.	No increase.
Income tax	Dec. from 4.6% to 4.4% Personal exemption unchanged.	Inc. from 4.6% to 6%. Personal exemption inc. from \$2,100 to \$3,000, seniors inc. to \$3,900.
Single Business Tax	No increase.	Inc. from 2.35% to 2.75%.
Real Estate Transfer Tax	.75% (\$7.50 for every \$1,000 of value).	.75% (\$7.50 for every \$1,000 of value).
Homestead credit for renters	20% of rent is considered property taxes (up from 17%).	20% of rent is considered property taxes (up from 17%).
Property tax assessment increases	Capped at 5% or inflation, whichever is less.	No change.
School operation property taxes levied in 1994	6 mills/homesteads. 24 mills/nonhomesteads.	12 mills/homesteads. 24 mills/nonhomesteads.
Tobacco products tax	Cigarette tax inc. from 25 cents to 75 cents/pack. Noncigarette tobacco products taxed at 16% of wholesale price.	Cigarette tax inc. from 25 cents to 40 cents/pack. Noncig. tobacco products taxed at 16% of wholesale price.
Interstate telephone tax	Use tax of 6%. 800 and WATS lines exempt.	Use tax of 4%. Also intl. calls.
High spending schools	May levy millage to hold themselves harmless above \$6,500 per pupil.	May levy millage to hold themselves harmless above \$6,500 per pupil.
Enhancement millage (subject to voter approval)	Until 1997, local districts may seek voter approval for up to 3 mills. Only ISDs may do so after 1996.	Beg. in 1994, local districts or ISDs may seek voter approval for enhancement millage within a legal limit.

TABLE 7.2: Proposal A Ballot Language

The following is the text of the Proposal A ballot measure approved by voters in March 1994. State law requires that the language not exceed 100 words.

A PROPOSAL TO INCREASE THE STATE SALES AND USE TAX RATES FROM 4% TO 6%, LIMIT ANNUAL INCREASES IN PROPERTY TAX ASSESSMENTS, EXEMPT SCHOOL OPERATING MILLAGES FROM UNIFORM TAXATION REQUIREMENT AND REQUIRE 3/4 OF LEGISLATURE TO EXCEED STATUTORILY ESTABLISHED SCHOOL OPERATING MILLAGE RATES

The proposed constitutional amendment would:

1. Limit annual assessment increase for each property parcel to 5% or inflation rate, whichever is less. When property is sold or transferred, adjust assessment to current value.
2. Increase the sales/use tax. Dedicate additional revenue to schools.
3. Exempt school operating millages from uniform taxation requirement.
4. Require 3/4 vote of Legislature to exceed school operating millage rates.
5. Activate laws raising additional school revenues through taxation including partial restoration of property tax.
6. Nullify alternative laws raising school revenues through taxation including an increase in income tax, personal tax exemption increase and partial restoration of property taxes.

Should this proposal be adopted? ☐ Yes ☐ No

funding. This reinstatement takes several forms. First, lawmakers devised a new state property tax of 6 mills on all property. Second, a school district property tax of 18 mills is to be imposed on non-homestead property (upon voter approval). Third, about 40 high revenue school districts may seek voter approval for "hold harmless" mills in order to maintain or build upon their per pupil revenue of 1993-94.⁹ Finally, school districts may seek voter approval for up to 3 "enhancement" mills annually through the year 1996. After 1996, only an intermediate school district (ISD) may seek voter approval for up to 3 enhancement mills. Revenue from these mills is to be distributed among the constituent school districts of the ISD on a per pupil basis.

Another major provision of Proposal A pertaining to property taxes is a constitutional limit on annual property assessment increases. Annual property assessments may increase no more than 5 percent or the rate of inflation, whichever is less. When property is sold or transferred, it is then reassessed at 50 percent of current value for property taxation. This reform will likely benefit property owners who retain their property for a long time. However, the assessment cap also means that, over time, neighbors with homes of comparable market value can have substantially disparate property tax burdens and still receive the same local government services.

In 1993-94, the range in property tax rates across Michigan's school districts spanned 37 mills. When the extremes are excluded, and the districts are compared at the 5th and 95th percentiles, the range of school property tax rates still spanned from a low

⁹ In 1994-95, such districts could request voter approval for "hold harmless" millage sufficient to achieve a \$160 increase over 1993-94 levels.

of 22 mills to a high of 42 mills (Kearney 1995). In 1993-94, the statewide average for school operations was 34 mills on all property (ibid.). Under the school finance reforms arising out of the SB 1 policy crisis, homeowners could pay as little as 6 mills on their property, while nonhomestead property is taxed at a rate of 24 mills. Even when potential "enhancement" and "hold harmless" mills are taken into consideration, the property tax relief is still substantial.¹⁰

As indicated in Chapter Two, in 1993, the property tax burden was higher than in most states. The 1993 reform process brought Michigan's property taxes closer to the per capita average of the U.S. and surrounding states (Kearney 1995). Michigan's property tax burden is now expected to rank 29th among the states (Michigan Senate Fiscal Agency 1994a). According to Roberts (1996), prior to Proposal A, Michigan property tax payers were paying at a rate 30 percent above the national average; after Proposal A, they were paying 9 percent below the national average.

Other property tax changes In addition to pure property tax relief, a number of other policy changes involving property taxes arose out of the SB 1 policy crisis. First, Proposal A included an amendment to the Michigan Constitution which exempts school operating millage from the Constitution's uniform taxation requirement. Under the new state school finance system, homesteads are taxed at 6 mills and nonhomestead property

¹⁰ According to Kleine (1994a: 6), the net property tax cut for business after Proposal A is 20 percent. Homeowners enjoy a 42 percent property tax reduction before -- and a 32 percent reduction after -- the loss of homestead property tax credits is taken into account (Kleine 1994a: 7).

is taxed at 24 mills.¹¹

Second, Michigan has a property tax credit available to certain homeowners and renters, and this credit was altered in two ways as a result of the SB 1 policy crisis.¹² The program relates property taxes or percent of rent paid to total household income. The taxpayers must have been Michigan residents for at least six months of the calendar year in which they are applying for a credit. Eligible applicants are granted a credit against their state income tax equal to 60 percent of the amount by which their property taxes exceed 3.5 percent of household income. Prior to the adoption of Proposal A, renters based their claim on 17 percent of their yearly rent; 17 percent of their gross rent was considered to be property tax. The renters' credit was increased to 20 percent in the school reform package passed in December 1993.¹³ This increase represents a recognition on the part of lawmakers that the reduced property tax burden for landlords was unlikely to be passed onto renters.

Since the 1982 tax year, the property tax credit has diminished for taxpayers with higher incomes. The credit is reduced 10 percent for each \$1,000 or part of \$1,000 by which household income exceeds \$73,650. Taxpayers with household incomes at \$82,650 or above are not eligible for a property tax credit. Furthermore, the credit cannot exceed \$1,200. There are additional provisions for senior citizens, the disabled, veterans and veterans' spouses as well as limitations on eligibility and credit amounts for

¹¹ The state levies 6 mills on all property and local districts must seek voter approval for the 18 mills on nonhomestead property.

¹² The tax credit was initiated by the Homestead Property Tax Relief Act of 1973.

¹³ This figure was the same for both the ballot and statutory plans.

welfare recipients.

The Homestead Property Tax Credit represents a "tax expenditure" since the state forgoes taxes that might otherwise be collected. This tax credit is also known as the "circuit breaker." It has provided over \$7.2 billion in property tax relief to Michigan homeowners and renters over two decades. In 1992, over 1.6 million eligible Michigan taxpayers received homestead tax credits averaging about \$530, for property tax relief totalling about \$877 million (Michigan House of Representatives 1993: 12).

Since Proposal A initiated a substantial reduction in property taxes, an individual's property taxes will be less likely to exceed 3.5% of total household income; thus, there is a lower incidence of property tax credits for homeowners. The total rebate to renters was expected to increase by \$40 million in 1994-95 but overall state payments to taxpayers for the property tax credit were expected to decline by about \$750 million in 1994-95 (Michigan Senate Fiscal Agency 1994a: 11-12).¹⁴

Third, the policy reforms arising out of the SB 1 policy crisis included the elimination of the local "allocated millage" for school districts. The Michigan Constitution limits the aggregate number of mills that can be levied on property by school districts, townships and counties without voter approval. The limit is 15 mills (or 18 mills in counties where voters have approved the higher limit). In counties with a 15 mill limit, the county allocation board divides the 15 mill taxing authority. In counties with an 18 mill limit, the voters approve a division of the 18 mill taxing authority. In

¹⁴ Another consequence of lower property taxes is that taxpayers who itemize will declare a smaller property tax deduction on their federal income tax returns (about one-third of Michigan taxpayers itemize on their federal returns). Hence, more money will be sent out-of-state to the federal government.

both cases, a school district was generally allocated between 6 to 11 mills of this taxing authority (Kearney 1994: 7). This was a district's "allocated millage." School districts then had to obtain voter approval in order to levy mills beyond the allocated rate. With the adoption of the Proposal A plan in 1994, school districts no longer have any allocated millage. Lawmakers required county allocation boards to reduce the 15 or 18 mill limit by the number of mills formerly allocated to school districts.

Sales tax hike Voter approval of Proposal A resulted in an increase in the state sales tax from 4 percent to 6 percent.¹⁵ Sixty percent of the revenue from the first 4 percent of the sales tax and 100 percent of the revenue from the additional 2 percent of sales tax are constitutionally earmarked for the state School Aid Fund.¹⁶ Prior to Proposal A, Michigan's sales and use tax rates of 4 percent were the lowest among the states that assess such taxes (Senate Fiscal Agency 1994a). The sales tax burden in Michigan is now expected to be at a level slightly above the national average.

Income tax cut Proposal A included a reduction in Michigan's flat income tax rate from 4.6 percent to 4.4 percent. In 1991, Michigan ranked 28th among the states that have a broad-based income tax (ibid.). The cut in the tax rate is expected to bring Michigan's income tax burden to a level nearly equal the national average (ibid.).

Other tax changes The largest tax increases arising out of the SB 1 policy crisis

¹⁵ The "use tax" complements the sales tax and applies to the use of such things as hotel rooms, storage facilities and electricity. Proposal A also added 2 percent to the use tax. However, lawmakers exempted residential use of electricity, natural gas, and heating fuels from the 2 percent increase.

¹⁶ It should be noted that the Michigan Constitution bans sales taxes on prescription drugs and food not intended for immediate consumption as defined by law. This provision was in place prior to the SB 1 policy crisis.

were for tobacco products. With voter approval of Proposal A, the state cigarette tax was increased from 25 cents to 75 cents per pack. Money from the cigarette tax is earmarked for several funds with 63.4 percent of the cigarette tax revenues dedicated to the state School Aid Fund.¹⁷ The ballot plan also included a new tax on non-cigarette products at 16 percent of the wholesale price, with all of the proceeds earmarked for the School Aid Fund.

As noted in Chapters Four and Five, in October 1993, Governor Engler proposed a new state real estate transfer tax of 4 percent (\$40 for every \$1,000 of property value transferred). Lobbying on the part of the realtor interests helped to whittle this percentage down significantly. In February 1994, lawmakers approved a reduction in the transfer tax to .75 percent for both the ballot and statutory plans.¹⁸ The change in the transfer tax removed about \$210 million in school funds from the ballot plan, and about \$50 million from the statutory plan.¹⁹ Money from the state's General Fund would replace the lost tax dollars.

Finally, interstate telephone calls are now subject to a new 6 percent use rate in Michigan. Proceeds from the interstate telephone tax are dedicated to the School Aid

¹⁷ The remainder of the cigarette tax revenue is distributed as follows: 25.3 percent to the General Fund; 4 percent to the Health and Safety Fund; 1.3 percent to local health departments; and, the remaining 6 percent is devoted to improving health care in the state of Michigan (Michigan Senate Fiscal Agency 1994: 12).

¹⁸ See Chapter Five for further details on the transfer tax.

¹⁹ Based on data from the Senate Fiscal Agency of the Michigan Legislature.

Fund.²⁰

Assessing the tax reforms According to the three criteria of "major policy change" discussed earlier, the preceding tax reforms together qualify as such change. First, the new tax policies significantly deviate from previous tax policies in Michigan.²¹ Most notably, lawmakers approved substantial property tax relief. Further, the two cent increase in the sales tax was a full 50 percent over the previous sales tax rate of four cents per dollar.²² Second, Michigan lawmakers created a new state property tax. The collection of this tax marks a new activity for the state. Finally, the basic framework of the new tax system is unlikely to be reversed in the near future. A change in the sales tax would require a constitutional amendment. Other tax provisions of the Proposal A reform package are subject to alteration by the legislature. However, the 6 mill state property tax, the required 18 mill local property tax on nonhomestead property and the enhancement millage cannot be exceeded without a three-fourths vote in each chamber of the Michigan Legislature. The tax reforms together reflect a "fundamental decision," which may be followed by incremental policy change as lawmakers assess the workability of the new school finance plan discussed below.

²⁰ International calls, 800 numbers, private networks and wide area telecommunications services are exempt from the 6 percent rate.

²¹ The results are also noteworthy when compared to other states. Prior to the SB 1 policy crisis, only three other states — California, Massachusetts, and Oregon — had approved mandated property tax reductions (see Kearney 1995). Second, of these states, Michigan was the only state in which lawmakers took steps to ensure the replacement of the lost revenue (Ibid).

²² The hike in the Michigan sales tax approved by voters in March 1994 marked the first increase in the tax since 1960 when it was increased from 3 percent to 4 percent.

School Finance Reform

Expanded state responsibility for funding the schools Prior to the 1993 school finance reform process, local property taxes provided about two-thirds of the public school funding in Michigan. State revenue sources comprised about 30 percent of the total revenue sources for operating the schools.²³ The reforms arising out of the SB 1 policy crisis dramatically altered this balance as the state took on the bulk of the responsibility for funding the public schools. In late 1995, Michigan Department of Education estimates indicated that nearly 80 percent of Michigan public school funding was being provided by the state.²⁴

The local contribution to school finance is based on the 18 mills levied on nonhomestead property.²⁵ For some districts, enhancement mills and hold harmless mills will add to this local contribution to school funding.²⁶

The 1993 school finance reforms included a new state "foundation grant" for distributing funds to the schools. The new mechanism of allocating state funds to the schools was centered around a minimum base foundation grant of \$4,200 per pupil set

²³ Federal funds comprised about 4 percent of total school spending.

²⁴ From a December 1995 conversation between the author and Ms. Glenda Raider, an accountant for the Michigan Department of Education.

²⁵ Districts that already had voter authorization to levy 18 mills in 1994-95 did not have to seek voter approval again. For districts whose authorization ran out in whole or in part in 1994-95, voter approval was needed for all or part of the 18 mills on nonhomestead property. In June 1994, 272 districts sought voter approval to levy all or part of the 18 mills on nonhomestead property; 258 districts received such approval (Kearney 1995). Unsuccessful districts can seek voter approval again.

²⁶ In June 1994, 68 districts sought voter approval for "enhancement" mills; 39 were successful (Kearney 1995). During the same month, the two districts that sought approval for "hold harmless" mills were successful (Ibid).

to increase to \$5,000 within five years.²⁷ Revenues derived from the new state property tax, many other taxes and the state lottery are channeled to the schools in the form of the foundation grant.²⁸ The 1993-94 per pupil revenue in a school district served as the basis for determining that district's initial foundation grant.²⁹ In 1994-95, school districts received state foundation grants in amounts ranging from \$4,200 to \$6,500 per pupil. Lawmakers devised a sliding scale formula for school funding by which state funding increases for the lowest spending districts in 1993-94 would occur in larger percentages than funding increases for wealthier districts. In 1994-95, all districts received at least a \$160 increase in per pupil funding. Lower spending districts received larger increases.³⁰

Weissert (1994: 4) notes that a shift in funding responsibility from the local to the state level means that school funding is now in direct competition with funding for other state responsibilities such as highways, welfare and public health. Allen Odden, Director of the University of Wisconsin Center for Education Research, has suggested that a shift

²⁷ The basic foundation allowance is expected to increase annually with growth in revenues to the School Aid Fund.

²⁸ State revenue sources for Michigan public school funds include the: sales and use taxes, income tax, cigarette and tobacco taxes, real estate transfer tax, interstate telephone tax, liquor excise tax, and the single business tax.

²⁹ If a district's base revenue declined in 1993-94, then the average of 1992-93 and 1993-94 revenues were used to determine the basic foundation allowance. It should be noted that the base revenue included the former State Social Security payment to local districts as well as retirement payments to the Public School Employees Retirement Fund that had been made by the State on behalf of local districts (see Senate Fiscal Agency 1994a: 21-23).

³⁰ The annual base increase in 1995-96 was \$153. For more detailed explanations and analyses of the complex funding formula, see Michigan Senate Fiscal Agency (1994a) and Addonizio et al. (1995).

to state responsibility for funding the schools portends a reduction in state contributions to schools over time (Walters 1994: 13). In California, the state now assumes 85 percent of the cost of public education (Kearney 1995).³¹ Picus (1991) has observed that over the long term, there has been a reduction in resources for California's public schools. In August 1995, Michigan's state Treasurer Douglas Roberts (appointed by Governor Engler) remarked:

One of the arguments that I have heard is that it's not fair to pit schools against social services and so on. My response is I don't understand that argument because that's what a budget does. It pits one area against another and as long as you have limited resources, you have to set priorities and you sometimes have to make tough decisions. (Holyfield 1995: C3)

In September 1995, lawmakers approved an increase in the percent of the state income tax earmarked for school finance from 14.4 percent to 23 percent.³² Supporters of the additional earmarking deemed that it was essential for protecting the state school aid fund from competing state budget priorities. Skeptics argue that the state can simply reverse this decision during an economic downturn. According to state Senator Dan DeGrow, the Chairman of the Senate Appropriations Subcommittee for School Aid and the Department of Education, in 1996, the schools will still have to compete with other state funding areas for about \$360 million out of the state's discretionary budget (Luke 1995).

³¹ Proposition 13, the California Supreme Court decision in *Serrano v. Priest*, and Proposition 98 led to this state of affairs (see Picus 1991; Kearney 1995).

³² This resulted in the dedication of an additional \$547 million for schools (Holyfield 1995). The legislation is Public Act 194 of 1995.

As noted in Chapter Six, in November 1995, Governor Engler responded to charges that Proposal A provides inadequate school funding. He stated: "School districts may need to cut costs...What they have is a management problem" (Longcore 1995: A23). He suggested that districts consider partnerships and consolidation of services to save money. The Governor's remarks indicated that school districts might now find themselves in a kind of parent-child relationship with the state when it comes to matters of funding.

Implications for local control The expanded state responsibility for funding the schools appears to signal a reduction in local control over school finance in Michigan. As discussed in Chapter Two, the school finance system in place prior to the SB 1 policy crisis resulted in substantial funding disparities across Michigan school districts. Under this system, local voters, through participation in millage elections, had a large role in determining school district spending levels. Under the new system of school finance arising out of the SB 1 policy crisis, a significant level of per pupil funding inequity across Michigan's school districts will be "institutionalized" as a function of state policy (Addonizio et al. 1995: 263-64).³³ A senator unhappy with the policy outcome on school finance equity, asserted that the attempt to gain greater school finance equity had been "a failure."

Weissert (1994: 4) points out that "legislators tend to focus on the needs of their

³³ In this context, Addonizio et al. raise the possibility of future court challenges: "concern arises because of the greatly diminished role of the local electorate in setting school expenditure levels and the possibility that the shift from local to state control of school spending decisions would change the judicial standard to which the state funding system would be held if challenged in the courts" (1995: 264).

district[s] and have little incentive to propose laws that will benefit the state broadly or parts of it that they do not represent." This tendency was candidly reflected by one of my respondents, a Michigan lawmaker who represented a wealthy district. She spoke of her own school district and the equity issue as follows:

We've paid quite a bit of money -- I mean a lot of money -- supporting those schools. And we are very proud of those schools. And to have that money go...somewhere else...was a very personal and emotional issue....We were not going to achieve [having] everybody [school districts] at an equal [funding] level.

Reduced inequity As indicated in Chapter Two, the per pupil revenue gap across Michigan's highest revenue and lowest revenue districts spanned \$8,000 in 1993-94 (Michigan Department of Education 1995). Reducing (but not eliminating) this funding disparity was another policy goal of lawmakers confronted with the SB 1 policy crisis. The new sliding scale formula discussed earlier was devised for this purpose. In late 1995, Senator DeGrow noted that for the first time in over two decades, the lowest 10 percent of Michigan school districts in terms of revenue had gained ground on the top 10 percent during a two-year cycle (DeGrow 1995).³⁴ However, a substantial amount of revenue inequity remains (see figures in fn 34) and is predicted to remain well into the future.

According to the new state school aid formula devised in 1993, once the state's

³⁴ In the 1993-94 school year, the highest-spending 10 percent of the state's districts had an average of \$7,717 for each pupil. The lowest 10 percent spent an average of \$3,879, a difference of \$3,838 or 98.9 percent. In 1994-95, the top 10 percent had an average of \$7,895, while the bottom 10 percent increased to \$4,406 per pupil, a difference of \$3,489 or 79.2 percent. In 1995-96, the top 10 percent had an average of \$8,066 per pupil and the bottom 10 percent had \$4,702, a difference of \$3,364 or 71.5 percent (DeGrow 1995).

lowest spending districts reach the statewide average of about \$5,800 per pupil (predicted to occur around the year 2000), the incremental increases in state school funding will be the same for all districts (rather than favoring the low-spending districts). Thus, while increases in state school funding will then be uniform for all districts, there will continue to be significant disparities in the per pupil state grants across districts. As noted earlier, the state's 40 wealthiest districts are permitted to levy "hold harmless" mills, while most other districts are bound by the state's 6 mill limit on homesteads and 24 mill limit on nonhomesteads.³⁵ Senator DeGrow has asserted that Proposal A "never claimed to provide exact per pupil funding across the state," but that the new system has made "giant strides toward closing the gap between the rich and poor districts in Michigan" (ibid.).

Kearney and Anderson (1995) emphasize that it is too early to measure long-term trends on the equity issue; however, they have conducted preliminary analyses using the limited data presently available. These analyses indicate that the reforms have served to increase horizontal equity in revenue across Michigan's school districts. Kearney and Anderson (1995: 10) note that the recent reforms "did successfully target the poorer districts to a considerable extent." However, when the influence of property tax wealth on the distribution of district revenues per pupil is considered, "substantial inequities remain" (Kearney and Anderson 1995: 11).

Addonizio et al. (1995) demonstrate the "'range preserving' phenomenon" built

³⁵ Local school districts may seek voter approval for up to 3 enhancement mills annually through 1996. Beginning in 1997, only intermediate school districts may seek voter approval for up to 3 mills, and revenue from these mills is to be distributed to constituent local districts on a per pupil basis.

into the new school finance system. In a simulation of the new school finance system in practice over a period of six years, they predict a \$5,500 per pupil difference in state grants between the state's highest and lowest spending districts in the year 2000 (Addonizio et al. 1995: 257-59). Unless lawmakers act to change the school aid formula, this gap is expected to remain well into the future. This is disturbing to observers such as Odden. He has avowed: "It's patently unfair for the state to approve a system that will always give some districts more than others" (Longcore 1995: A23). Addonizio et al. (1995: 261) suggest that lawmakers may have had no choice on this matter:

To "level up" all districts would have placed an impossible demand on state revenue sources and undoubtedly was out of the question. To "level down" all districts very likely would have been politically impossible.

Thus, Hayes' assertion that there are some policy areas for which nonincremental policy change is simply impossible appears to fit the issue of school finance equity.³⁶

Categorical grants consolidated and a major increase in "at-risk" funds As a result of the SB 1 policy crisis, most categorical grants for education purposes were consolidated into the new foundation grant. Thirty-one categorical grants for education were eliminated and six new such grants were created (Kearney 1994: 28). The most significant of the new categorical grants provided \$230 million to expand services for "at-

³⁶ It should be noted, however, that Michigan lawmakers made progress on reducing per pupil funding disparities across the state's school districts without being compelled to do so by the courts. In other states, meaningful progress on reducing per pupil funding inequity has typically required court intervention.

risk" students.³⁷ This marked a substantial increase over the \$23.5 million allocated for at-risk students in 1993-94.

Professional development funding Lawmakers increased funding for the professional development of teachers from \$1.87 million in 1993-94 to \$10 million in 1994-95.³⁸ It should be noted that, in the 1995-96 state budget, Governor Engler used his item veto to reject \$2 million in professional development funding which he avowed had not been put to good use in 1994-95.³⁹

Stability concerns The largest revenue sources for Michigan's state School Aid Fund are now the sales tax, the personal income tax, the state property tax, and the cigarette tax. One of the advantages of the property tax is that it tends to be a reliable revenue source. The sales tax, on the other hand, is less stable and more sensitive to downturns in the economy. Over the long term, sales tax revenue as a percent of personal income has tended downward in Michigan (Addonizio et al. 1995: 251-2). Further, cigarette tax revenue declined about 10 percent from 1985-86 through 1992-93 (ibid.: 252). Addonizio et al. (1995: 252) have predicted that "cigarette-tax revenue dedicated to the School Aid Fund will hit its peak in the 1994-95 fiscal year with the

³⁷ A district with a foundation allowance of less than \$6,500 in 1994-95 is eligible to receive additional funding of 11.5 percent of its foundation allowance for each student who meets the income eligibility requirements for free lunch (Senate Fiscal Agency 1994: 23).

³⁸ The money was to be distributed as follows: \$6.5 million to local school districts on a per pupil basis, with each district receiving the same amount per pupil; \$1.5 million to intermediate school districts on a per pupil basis; and, \$2 million to the Department of Education for professional development initiatives (Senate Fiscal Agency 1994a: 23-4).

³⁹ The total allocation for professional development funding in 1995-96 was \$8 million (see Michigan Public Act 130 of 1995). The \$2 million in vetoed funds would have been allocated to the Michigan Department of Education for statewide professional development initiatives.

imposition of an extra tax of 50 cents per pack and then continue its ten-year decline as a percent of Michigan personal income in the future."⁴⁰ With regard to the new state property tax, Addonizio et al. (1995) estimate that revenues from the tax will likely closely track but exceed the inflation rate over time.⁴¹ Finally, they forecast that income tax revenue as a percent of personal income will likely face a long-term upward trend (ibid.).

Based on their analyses of the four key taxes just reviewed, Addonizio et al. suggest that the aggregate dedicated revenue from these taxes "will likely result in a revenue base that is flat or slightly declining in terms of Michigan personal income" (ibid.). Addonizio et al. (1995: 269) contend that "revenue growth in future years will likely fall short of the revenue growth of recent years, which was fueled largely by increases in school property tax collections." The increase in the percentage of the income tax earmarked for education noted earlier reflects an attempt on the part of lawmakers to address the stability issue.

A net increase in school funding The school finance reform package arising out of the SB 1 policy crisis provided for a net funding increase of about 4 percent over the

⁴⁰ Between May 1994 and May 1995 state revenue from the cigarette tax was nearly double the revenue received before the tax was raised (Walters 1995). However, in 1995, Michigan lawmakers expressed concern about cigarette smuggling arising from the large increase in the cigarette tax. Between May and December 1995, Michigan state police had seized \$1.5 million worth of cigarettes being smuggled across the Michigan border. State police figures indicated that at least \$2.5 million in cigarette tax revenue was being lost every week because of untaxed, contraband cigarettes (Walters 1995). By late 1995, Michigan lawmakers were considering legislation to require that cigarette packs sold in Michigan display a tax stamp.

⁴¹ When property is transferred, the assessment cap (5 percent or the rate of inflation, whichever is less) is lifted, and the re-assessment of transferred property would likely result in state property tax revenues exceeding the inflation rate (Addonizio et al. 1995: 252, fn 47).

1993-94 net school funding level (Senate Fiscal Agency 1994a: 3).

A long-term perspective When I asked lawmakers whether, during the SB 1 policy crisis, they were fixed on finding a quick solution to the crisis or were looking long-term, all replied that they had been looking long-term. A Democratic senator quipped that he and his colleagues "were looking long-term within a very short time[*-*frame]." A Republican senator asserted:

[T]he crisis caused us to focus on a permanent solution....before that, we had been changing our mind every year....and what we needed was a long-term solution, not a new kind of band-aid.

A Republican House lawmaker noted that school finance equity across districts would increase gradually over the long-term. A few lawmakers offered more complex responses. One lawmaker remarked that the long-term view under the old system of reliance on the property tax was not positive. Thus, "the mere fact that we moved off a major dependence on the property tax, to me, is a long-term view." This Democratic lawmaker and others suggested that the statutory back-up plan, centered on the income tax, was more reflective of a long-term view for school finance than was Proposal A because they projected that the back-up plan afforded more stable school revenues. They argued that there had not been enough of a long-term view on the ability of Proposal A to sustain adequate school funding.⁴²

A leading education lawmaker commented that the time crunch of the SB 1 policy crisis hindered a more long-term view; however, he indicated that the positive (albeit

⁴² In 1995, the increase in the percentage of the state income tax earmarked for school finance from 14.3 percent to 23 percent seemed to indicate that their concerns had been warranted.

imperfect) policy outcomes of the crisis might not have been possible in the absence of the crisis scenario. He reflected:

I think we might have done a better job if we had taken the time to do it right. Other people would say "Well, that would have been never." So, I understand both sides of that argument.

Other lawmakers said that they had recognized that further "short-term ratcheting" of the school finance system would be required. A legislator explained that "the overall long-term goal was to really change the system." He stated that he and his colleagues had labored to build a new and "valid" system on which future changes could later be added. Another lawmaker observed of the new school finance system:

It's not a perfect answer and what will now happen is constant evolution as we fine tune that. But I think we're much further ahead than we were.

These descriptions of the school finance reforms fit Etzioni's conceptualization of a "fundamental decision" in policymaking. Lawmakers established a new foundation on which to build incremental change.

A school district superintendent stated that "[h]omeowners in this state, including myself, love what happened to property taxes after Proposal A" (Longcore 1995: A23.). But this same superintendent viewed enduring school finance inequity as "the failure of Proposal A" (ibid.). In mid-1995, Tom White, Director of Legislative Affairs for the Michigan Association of School Boards, characterized the new school finance system as an "unfinished symphony," pointing out that it was too early to fairly evaluate the efficacy of the system (Holyfield 1995). In early 1996, many observers would agree. The property tax is generally a more reliable and growing source of revenue than the

taxes now providing the bulk of the funding for Michigan's public schools. Some analysts suggest that the school finance system is not equipped to deal with an economic downturn.⁴³ Tax revenues cannot be forecast with precision, and the state will surely have to make adjustments in the future.

Assessing the school finance reforms Using the three criteria of major policy change discussed earlier, it is quite apparent that the school finance reforms together comprise major policy change. First, the reform policies deviate from the old policies to a significant extent. The basis for funding the schools was altered from an "equal yield" formula that had been in place for two decades to a new system centered on a state foundation grant. Lawmakers established a sliding scale formula that permitted more rapid revenue growth for poorer school districts than wealthier school districts.

While many remain concerned about financial inequity across school districts, the 1993 reforms initiated significant progress on this front. As indicated above, for the first time in over 20 years, the lowest 10 percent of Michigan school districts in terms of revenue have gained ground on the top 10 percent during a two-year cycle (DeGrow 1995). Further indication of major policy change is found in the nearly 10-fold increase in funding for at-risk students.

Second, the state's responsibility for funding the public schools has been greatly expanded. Indeed, as a result of the SB 1 policy crisis, the bulk of the responsibility for funding the public schools has been shifted from the local to the state level. Third, lawmakers were looking long-term during the SB 1 policy crisis. They aimed to devise

⁴³ See, e.g., Addonizio et al. (1995), Kearney (1995) and Kleine (1994).

a workable foundation for a new school finance system to which they could later add incremental policy reforms as needed. The new system reflects a "fundamental decision" and is serving as the basis for incremental adjustments. Adjustments made thus far include the increase in the percentage of the income tax earmarked for school funding and the reduction in funding for professional development. Lawmakers have not attempted to overhaul the new system; rather, they are working with the new foundation established as a result of the SB 1 policy crisis. Few would dispute that the SB 1 policy crisis marks a turning point in Michigan school finance.

School Quality Reform

The school quality reforms arising out of the SB 1 policy crisis are covered in Chapter Six. Below, I focus on assessing these policy outcomes, particularly the charter schools law.

Assessing the school quality reforms As indicated in Chapter Six, the SB 1 policy crisis resulted in various incremental policy reforms on the school quality front. Most of the school quality reforms arising out of the SB 1 policy crisis qualify as "incremental rationalizing policies" (Hayes 1992). They represent incremental changes built upon an established government role. For example, school data contained in annual reports submitted to the state for accreditation must now be disaggregated by gender. The gender requirement was a incremental reform added to a policy that was already in place.

In contrast to the various incremental school quality reforms adopted during the SB 1 policy crisis, the charter schools policy innovation qualifies as a major policy

change. Importantly, the passage of the charter schools policy innovation marks a significant departure from previous education policy. Lawmakers sanctioned the creation of a new institution for the delivery of public education. They broke the school district monopoly on public education and opened up the public educational delivery system to permit virtually anyone to organize and operate a charter school. Second, the charter schools policy reform is aptly characterized by Wilson's (1973) concept of a "new policy." Policy entrepreneurship and strong political leadership (both emphasized by Wilson) contributed to a redefinition of the role of government in education policy. Third, work by Baumgartner and Jones suggests that policy changes such as the charter schools reform can "structure, influence, and bias public policy outcomes for decades" (1993: 251).⁴⁴

At this writing, charter schools are proliferating in Michigan. They are surrounded by controversy and are likely to remain so until, in the words of Wilson, "an accommodation is reached with the groups whose interests they threaten to harm." Significantly, several concessions to charter schools opponents have been made since lawmakers first adopted the charter schools legislation in 1993. In late 1994, lawmakers approved a cap of 75 on the number of charter schools that could be authorized by

⁴⁴ It is difficult to fit the charter schools policy reform into Hayes' typology of policy change. Hayes' definition of a "nonincremental innovation" is restricted to extreme cases such as *Perestroika* and the New Deal. Further, the education policy community was not characterized by "consensual knowledge" on the charter schools issue. The other categories of Hayes' typology portray policy change beyond small increments as either a new government role (federal role breakthrough) or a significant expansion of governmental capacity for effective action on an issue where a governmental role has previously been established (rationalizing breakthrough). In the case of charter schools, lawmakers said "we permit these new institutions." They were not necessarily expanding the role of government except to decide that it was legitimate for the government to sanction these new educational entities and to provide public funding for them.

Michigan public universities (the sponsors of the majority of charter schools in Michigan).⁴⁵ Charter schools advocates are opposed to such caps. In late 1995, over the objections of charter schools opponents, this cap was increased to 85 through 1996, 100 through 1997, 125 through 1998, and 150 thereafter. Nonetheless, these numbers represent limits on the total number of charter schools that can be established in the state. In addition, charter schools opponents were rewarded with a provision that limits the total number of charter schools sponsored by any one university to 50 through 1996; and thereafter, the number of charter schools sponsored by one university cannot exceed 50 percent of the total number of schools sponsored by all universities in the state.⁴⁶

The charter schools reform constitutes a "fundamental decision" in education policy in Michigan. According to Etzioni (1967), such decisions are difficult to reverse. At this writing, many would consider the 1993 adoption of charter schools legislation a turning point in Michigan education policy and not likely to be reversed.

Having above reviewed key policy outcomes of the SB 1 policy crisis, in the next section of the chapter, I present lawmaker perspectives on the SB 1 policy crisis and its legacy. I then discuss two potential policy crises following the SB 1 case.

Lawmaker Assessments of the SB 1 Policy Crisis and its Outcomes

The SB 1 method of policymaking Lawmakers with whom I spoke were cautious

⁴⁵ The authorizing body (or "sponsor") for a charter school may charge administrative fees in an amount no greater than 3 percent of the total state school aid received by the charter school in the year in which the fees are assessed. As of September 1995, 49 of the 57 charter schools authorized in Michigan were sponsored by state universities.

⁴⁶ It should be noted that, by late 1995, Central Michigan University had sponsored over 40 charter schools.

about using the "SB 1 method of policymaking" in the future. Some suggested that such a process should be reserved for cases in which policy reform is needed yet a long-standing impasse has prevented such. A leading Republican lawmaker advised:

It is an approach that, from time to time, if you're unable to reach a conclusion, or consensus, if you need to get people all sitting in the same boat, that's a way to do it.

However, a leading Democrat stated:

I would never advocate going about what we went about the way we went about it. And that is....in reference to passing Senate Bill 1 and then scrambling to figure out whether or not we could solve it.

Some legislators asserted that the school finance case necessitated a crisis in order to finally achieve major policy reform, but that not all cases where policy change is needed justify the SB 1 method. In the words of one such lawmaker:

I believe at the time and in retrospect, a crisis had to be created. I'm not saying that it needs to be the way in the future.

When I asked a Republican Senator if he thought that the SB 1 case set a precedent for creating future crises, he replied: "Yes, I really do. It was quite fruitful." However, he added: "[n]ow that doesn't mean it will always work" and noted that "there was some luck involved" in the SB 1 case. Reflecting on the SB 1 policy crisis, a leading Democratic lawmaker also noted that the resolution of the crisis was due to more than just hard work and cautioned against taking the SB 1 route to policy change again:

[T]here was a certain degree of luck in all of this....We set the house on fire this time, and it didn't burn down. That doesn't mean that the next time you create a crisis that you're gonna be able to solve it. This thing came within minutes of falling completely apart and being a

disaster....We had people who made some really unbelievably difficult sacrifices to resolve a situation. It's something that I'm not displeased with the result on. But I think the process was enormously dangerous. And hopefully, that because of the lucky success that we had, people won't begin to adopt this as a form of solving problems in Michigan.

A crisis-activated legislature Light (1995: 13) asserts that Congress is a "crisis-activated" institution, "responding only when some policy or political crisis is imminent and unavoidable." Thus, I asked each of my respondents the following question: "Since it took two decades to achieve meaningful school finance reform, would you say that the Michigan Legislature is a crisis-activated institution?" The responses were nearly unanimous that the legislature is indeed a crisis-activated body. The tone of the replies from legislators ranged from resounding ("Absolutely" and "Oh yeah.") to defensive ("Well I don't know if that's fair. All legislatures are crisis-activated." and "We don't create crises, we react to them") to apologetic ("Unfortunately, yes" and "I guess I'd have to say 'yes.' Sorry."). A number of lawmakers attributed being crisis-activated to human nature ("the nature of our being is that we do something when we have to do it," and "a deadline mentality is just human nature").

A Republican lawmaker explained:

We never do anything controversial unless there's a crisis.
We either have to believe a crisis, or the Speaker or the
Governor...has to say there's a crisis.

Another Republican lawmaker concurred:

In order to get a legislative body to move, and to move fairly quickly, there has to be a major crisis there in order to do it.

A Democratic lawmaker remarked:

We don't change policy due to some grand vision that you can bring everyone to, but more because there is a perceived crisis out there that needs intervention.

And a Republican legislative leader stated:

The Legislature tends to respond to crisis....and, frequently, if there's not a crisis, then it's more difficult to get a consensus together.

Several lawmakers explicitly characterized the legislature as a "reactive" or "reactionary" body. For example, one lawmaker noted "[w]e tend to react, as opposed to acting, on most things." Other lawmakers offered a more optimistic tone. A Republican lawmaker noted that "[t]here are some things that get done in a timely manner even though they're difficult." And a recently retired Democratic lawmaker commented that it doesn't always take a crisis "to get them to move down there."

A veteran Republican lawmaker offered the following analysis of the crisis issue:

Any institution is crisis-activated or it dies. The question is what is it beyond that? Is it also activated in constructive ways absent crisis? And I think...when you're talking about a governmental agency, you want to be real careful about that because one might want to argue, with some considerable force, that government ought not to be anything other than a crisis-activated institution. In other words, it ought not to do anything that is not absolutely essential for it to do. In other words...would there be a crisis if we don't do this? If we don't have police, will we have a crisis? If we don't have fire, will we have a crisis? If we don't have a water system, will we have a crisis? If we don't have streets will we have a crisis? If we don't light those streets at night, will we have a crisis? You know. You get a lot of things done by asking that question.

This lawmaker proceeded to suggest that the legislature is "need-activated." However,

he asserted that the ability of the legislature to meet needs "also depends on some permission being granted by the electorate." Further, needs must be prioritized. When asked about what some perceive as a transportation crisis in the state, the lawmaker replied:

Is that next bridge more important than -- what? More important than Mrs. Smith, 65 year old widow, being able to pay for both her prescription and her food? Or, the ADC woman getting a little more money every month so that she doesn't get thrown out of her apartment...? It's all relative.

The lawmaker noted that "there are virtually unlimited demands. And there are obviously limited resources." Thus, consensus on a crisis in a policy area opens a window of opportunity for policy change in that area.

In the SB 1 case, several lawmakers conveyed that the manufactured crisis was necessary in order achieve school finance reform. For example, a veteran lawmaker reflected:

I don't know how else we could have done it. I mean honestly I think we had to set up that crisis point to in effect force the decision, not only in the Legislature, but even more importantly force a public decision that crossed purely parochial interests.

Similarly, another lawmaker stated:

After having tried every other, you know, traditional process of giving the voters a choice of the status quo or something new, and having failed at every one of those proposals, I don't see that we could have ever reformed K-12 education any other way. I think it would have been absolutely impossible. In hindsight, it was the only way.

And a member of the Governor's staff concurred:

I don't think you could ever have gotten this done without having some sort of drop dead date where something really did happen.

A Democratic lawmaker told me that, at the time he voted for SB 1, he felt that a crisis in school finance was pending -- with or without SB 1. Thus, he suggested that lawmakers may have to "force a crisis in order to reckon with a pending crisis." The lawmaker explained his "yes" vote on SB 1 as follows:

[T]he crisis was coming in my mind. I told you that. I felt it was coming. Well, I [thought that I] might as well accelerate it in a way that guarantees the dramatic change that I'm seeking. And that's really what I was thinking.

The logic reflected in this statement is remarkably similar to that found in the Social Security case of 1982-83. A genuine crisis in Social Security had been pending and lawmakers accelerated the sense of urgency by setting a date beyond which Social Security payments would stop (see Light 1995). The lawmaker just quoted asserted that there are "other crises that are pending" for which it is "very difficult to get legislative attention" until their "pure crisis nature forces us to act." Again, this lawmaker made a point found in Light's (1995) work. Light points out that Congress "sometimes has great difficulty knowing when that last moment has arrived." In the case of the Social Security and SB 1 policy crises, lawmakers were aware that "the last moment" for policy change had arrived; i.e., some very unpleasant consequences were set to take effect if they did not act swiftly.

Another Democratic lawmaker offered an historical perspective and asserted that "major change sometimes occurs through catalytic events, as I would call them." He mentioned the Boston Tea Party and civil rights leader Rosa Parks. He said that SB 1

was obviously not of the same magnitude as the Boston Tea Party, but that

within our own little world of Michigan politics...what started off as kind of a flippant gesture to the Republicans ended up forcing us to seriously address an issue which the Legislature...had been dilly dallying around on for two decades.

And a Republican House member offered the following analysis:

Crisis is a catalyst that causes major change to occur. Many issues in the Legislature are rather mundane, routine, tweaking of existing statutes. Crisis forces us into high gear. There are many ticklish issues out there that you don't want to deal with and crisis forces you to deal with these issues.

In this context, he mentioned that widely varying views on the school finance issue had made policy reform difficult:

On school finance, there are so many different and divergent views. What is the solution? There are those that love the status quo. There are those that would take almost any kind of a change because they couldn't be any worse off. Then you've got those in the middle that...could fall either way.

The lawmaker observed that the SB 1 policy crisis forced lawmakers to contend with these divergent views and to reach compromises on school finance reform. Another Republican lawmaker remarked:

I think it was a process that was needed. And we had to create the crisis to finally get the issues resolved. Or else it was just going to be a lot of dragging on and beating issues to death that had been beaten to death for 10 years. So I think finally that was the only way we were going to get it accomplished. And although it was painful, I think it was necessary. And I think the outcome is very good. And I'm quite proud of the fact that I was part of the process.

In general, lawmakers conveyed that they were pleased with the overall outcomes of the SB 1 policy crisis.⁴⁷ One Republican lawmaker avowed:

[H]istorically...if you take a look at what we've done in Michigan in... maybe the last 30 to 50 years, you won't find as significant a change in public policy.

Similarly, another Republican lawmaker declared that the SB 1 policy crisis marked "the most important policy debate and decision that has happened in Michigan since the vote and adoption of the new [state] constitution [in 1963]." A Democratic lawmaker reflected:

[I]t was historic. And you know, was the process perfect? No. But democracy isn't perfect. That's one thing I've grown to appreciate, begrudgingly, or acceptance of it, is that were all human beings, we all have individual views of issues, and the process is complex....And...we were able to come out with very solid public school funding, all things considered; i.e., we didn't cut, let's put it that way. It's a fairer tax system for our public schools then the property tax system.

A number of lawmakers indicated that they were pleasantly surprised at the resolution of the SB 1 policy crisis. A sampling of their comments follows.

From a junior Democratic House member:

On the finance side, I'm amazed that we did as well as we did -- considering the circumstances.

And a veteran House Democrat remarked:

To be honest with you, it came out a lot better than I initially thought it would.

⁴⁷ When reservations were expressed by lawmakers, they typically pertained to concerns about the long-term stability of the new school finance system, the fairness of the sales tax hike, and/or the adequacy of funds for middle-level revenue districts.

A Republican senator stated:

Initially, I personally didn't think that we had it in us to take this thing to a conclusion and truly rewrite the statutes dealing with ad valorem [property] taxation for K-12 education....I was pleased that the Legislature, given a difficult and complex mandate, responded with what I think is a reasonably good, reasonably constructed, reasonably thought out package which actually saves people a significant amount of tax dollars.

A House Republican reflected:

I was absolutely fearful going into this but tremendously satisfied with what we were able to do.

A junior lawmaker who described herself as having come to Lansing with a "chip on my shoulder not liking state mandates" offered the following:

I was thrilled to be a part of it. It was fast and furious. But I was very impressed with our state government, after all the negative publicity.

A member of the House stated

[E]ven though Proposal A itself wasn't my preference, I saw Proposal A as greatly superior to the old system. And I guess to prove that point is to say to you that I feel like I was a part of history, significant policymaking history in Michigan, in a way that I feel very good about it.

A member of the Team of 14 remarked:

Frankly, I think it's one of the best experiences I've had in the Legislature is working on that team. And not because we met in private, but because we had an enormous job, and we did it...we were here everyday until midnight...But we did it. And so, for me, it was a tremendous experience, even though I did not necessarily like the end result [of Proposal A prevailing over the statutory plan]. But that's beside the point. You win some, you lose some.

Light (1995: 223) proposes that "when the system cannot handle an issue such as

social security, there must be questions about whether the system itself needs repair."

This observation might also be applied to the Michigan case and school finance.

Reflecting on the school finance case, one lawmaker admonished:

We need to anticipate problems before they occur. Let's not wait until there's a crisis. We need to do things now. We should be looking at what schools will be like in the year 2000. Looking down the road, and taking it step by step. Not acting on the basis of crisis. The [school finance] crisis wouldn't have occurred had we not allowed the school property tax to get so high...We let it go because we couldn't face up to the fact [that difficult choices needed to be made].

Although, a veteran Republican lawmaker characterized the outcome of the SB 1 policy crisis as "the proudest accomplishment of the Legislature that at least I've been a part of." He added: "as messy as the process was, ultimately the conclusion proved that the Legislature can rise above purely partisan politics and do what it thinks it has to do for the public interest." Similarly, a veteran Democratic lawmaker reflected on the policy change arising out of the SB 1 policy crisis as follows:

It's unfortunate that it takes something so dramatic to make it happen. But in the final analysis, what I find interesting is people were all absolutely convinced that the system would not work. In the end, it really did.....everybody stepped up and solved it [the school finance crisis].

Instructively, however, when it came to school finance reform, the system "worked" only after a policy crisis had materialized.

Two Potential Policy Crises Following the SB 1 Case

The extent to which the SB 1 policy crisis will serve as a precedent for dealing with difficult issues remains to be seen. However, two political events following the SB

1 policy crisis indicate that the impact of the SB 1 policy crisis has not been limited to the policy reforms discussed above. One of the events occurred in the school quality policy area and the other in the transportation policy area. In contrast to the SB 1 case, neither case has produced major policy change. This is at least partly due to the lack of lawmaker consensus on a policy crisis in each area.

Governor Engler proposes repealing the state School Code (a la SB 1) In early 1995, Governor Engler proposed that lawmakers abolish the Michigan School Code.⁴⁸ The state School Code is a lengthy compilation of laws governing the operation of Michigan's public schools. To many observers, both Republican and Democratic, the Governor was attempting to initiate a repeat of the "SB 1 method of policymaking" for school quality and school regulatory issues. A Republican House member stated that the Governor was "trying to pull the same thing [as SB 1] with the School Code." A Republican in the Senate remarked that the proposal to repeal the School Code was "the same approach" as the SB 1 case. He explained: "I think we discovered that it works well. Now we want to try that approach again." A veteran Republican lawmaker attributed Engler's actions to national political ambition. The lawmaker stated that Engler wanted to be viewed nationally as a leader on education policy and as a politician who takes bold actions. Democrats, in particular, attributed Engler's proposal to his right-wing constituency (some conservative education reform advocates resent various state school code regulations; e.g., regulations regarding teacher certification and tenure).

⁴⁸ A subsequent Senate bill proposed that repeal of the School Code take effect in the summer of 1996. This would have given lawmakers a window of time within which to decide what parts of the School Code to re-enact.

Both Republican and Democratic lawmakers rejected the Governor's proposal as unrealistic.⁴⁹ Further, they told me that the School Code issue simply did not generate the same intensity and the same sense of urgency to act that had characterized the property tax and school finance issues just prior to, and during, the SB 1 policy crisis. A couple of lawmakers admitted that they did not know what the School Code contained. In short, legislators did not perceive that this issue was a crisis issue, nor did they perceive the need to "manufacture" a crisis on the School Code.

A Republican lawmaker commented:

You don't have the same feelings about going ahead with as drastic a measure as SB 1 was with these other [education] issues because you don't have...the feeling that precipitated it [SB 1].

Another lawmaker noted that the School Code policy area had not been plagued by the 20-year impasse that had characterized school finance. A Democratic lawmaker proposed: "What's the incentive to come to resolution after you get rid of the School Code? I mean schools still open whether you do the revision [of the Code] or not." A newly retired lawmaker spoke passionately against the repeal of the Code:

I mean it's the equivalent of somebody coming in and saying "Well, let's repeal the Bible and come up with a new book." [laughs] The Code's been around and they change it all the time. People don't realize how much is in the Code. They don't realize it's the whole body of laws for the schools. And so they can't possibly want to repeal the code. Eliminating the code would create chaos in

⁴⁹ For example, under the Headlee Amendment of the Michigan Constitution, if the legislature mandates a new program for local governments it must provide funding for that program (i.e., the state may not pass on additional unfunded mandates to local governments). According to the logic of several lawmakers, if the entire School Code was repealed, any new school regulation they adopted would then have to be state-funded.

education that would make it impossible to measure or determine anything.

Several lawmakers observed that the Governor's bold proposal had succeeded in placing the School Code issue on the policy agenda. A lawmaker commented:

The Governor, you know, has enormous power in this area [of agenda-setting], and...this year, he said "I want the School Code repealed." And, immediately people started debating that issue. Now if I had issued a press release, nobody would have paid any attention to it. So, I mean there are certain people at certain times, like the Governor, that can create a crisis or create an issue, just by saying it's an issue.

Republicans and Democrats agreed that there was merit in reviewing the Code on an incremental basis. The issue remained on the policy agenda through 1995 and lawmakers devised incremental reforms regarding issues such as permitting parents to review the textbooks and curriculum at their child's school, and a state-recommended (as opposed to state-mandated) model core curriculum.

A potential crisis area and a new bipartisan team In 1994 and 1995, there was talk of a new crisis in Michigan -- a "transportation funding crisis." Specifically, Michigan's roads and highways were badly in need of repairs and improvements, and the state lacked adequate funds for transportation projects. Many in the state favored an increase in the fuel tax in order to generate the much-needed transportation revenue. However, Michigan lawmakers disagreed on a proposed hike in the gasoline tax; in particular, there was controversy over how revenues from the increase would be distributed across the state.

As discussed in Chapter Four, the Team of 14 was viewed by many as integral

to the successful resolution of the SB 1 policy crisis. In early October 1995, an informal bipartisan group of House members was formed with the aim of developing a proposal for increased transportation funds and reform of state transportation policy. Significantly, this team -- called "The Bipartisan Working Group on Transportation Funding and Reform" -- was modelled after the Team of 14 used during the school finance crisis. The Bipartisan Working Group was originally comprised of five Democrats and five Republicans.⁵⁰ Most members of the group had seats on either the House Transportation Committee or the House Appropriations Subcommittee for Transportation.

In the fall of 1995, the Governor backed off his proposal to increase the gas tax after failing to reach agreement with local governments on the distribution of revenues from a higher gas tax. Members of the Bipartisan Working Group were unhappy with Governor Engler's handling of the issue, and the lack of action on a gas tax hike -- an area where they felt something needed to be done. Since the group was not an official committee, it was not bound by the state's Open Meetings Act and its meetings were held in closed-door sessions during October through December 1995. A veteran lawmaker commented that this kind of arrangement avoids the "problem of political posturing that sometimes comes with open meetings." In early December, the Bipartisan Working Group released a memo outlining its "Proposal for Increased Transportation Funding and Reform." Members of the group were to meet with their respective party caucuses to

⁵⁰ Several Democrats chose not to participate in the group after Governor Engler decided to reallocate federal transportation funds from the local governments to the state.

inform them about the plan, and translation of the proposal into formal legislation was planned for 1996.

Many in the state would contend that Michigan's transportation system is in a crisis state. In parts of the state, crumbling highway overpasses have been repaired with plywood. Lawmakers do not enjoy raising taxes, but in 1995, many recognized the need for new revenue for the state's transportation system. Yet, they failed to approve a hike in the gas tax in 1995. In early 1996, it appeared doubtful that lawmakers would approve such an increase during an election year.

Democratic and Republican sources confirmed to me that the Bipartisan Working Group was modelled after the Team of 14. This is significant because it suggests that a key element of policymaking during the SB 1 policy crisis -- the use of an unofficial bipartisan team to develop a reform plan behind closed doors -- may be replicated to deal with impasses in other policy areas where there is a widely-recognized need for reform.

Distinguishing the two "crises" from the SB 1 policy crisis Neither the School Code "crisis" nor the transportation "crisis" "worked." In neither case was there lawmaker consensus on an urgent need to act. This is because a majority of lawmakers did not perceive that the School Code issue or the transportation issue threatened their high-priority objectives. Further, in neither case were lawmakers willing to repeat the SB 1 method of policymaking; i.e., they were not willing to engineer a scenario in which their own high-priority objectives would be unmistakably threatened.

The School Code issue, in particular, was not nearly as compelling as the twin issues of property tax relief and school finance reform had been. The School Code case

provides evidence that even a politically astute politician such as Governor Engler, who, in early 1995, enjoyed a Republican majority in both houses of the state legislature, cannot simply engineer a policy crisis in the policy area of his choice. The School Code issue was less salient for lawmakers than was the issue of school finance. It is likely that this was also the case for the general public. While the School Code issue is relatively abstract in nature, lawmakers and other citizens witness tax policy first-hand. This suggests that *manufactured* policy crises (e.g., policy crises such as the SB 1 case) will be limited to salient policy problems that have plagued lawmakers over the long-term, and for which there is consensus on an urgent need to act.

The transportation issue was more salient to lawmakers and the public -- many, if not most, in both camps had witnessed the poor state of Michigan roadways and bridges. However, addressing the issue was certain to require politically-painful votes in favor of a hike in the gas tax. It is plausible to assume that, on the transportation issue, a stronger commitment from the Governor might have encouraged major policy reform. In contrast to his strong determination to secure property tax relief, Governor Engler "fizzled out" on the gas tax issue. After failing to reach agreement with local governments on the disbursement of gas tax revenue, the Governor abandoned the issue. Some observers suggested that this was at least partly due to an ambition for national political office on the part of the Governor and a consequent reluctance to have a gas tax increase on his record. This stands in contrast to the political pressure to secure property tax relief faced by the Governor in 1993 as he planned to run for re-election in 1994.

CONCLUSION

As portrayed in Baumgartner and Jones' model of punctuated equilibrium, the SB 1 policy crisis resulted in a critical period of rapid, unpredictable policy change. For the first time in over two decades, Michigan lawmakers achieved both major property tax relief and major school finance reform. Drawing from Hayes (1992), the school finance reforms arising out of the SB 1 policy crisis might be characterized as "rationalizing breakthrough" policies. In Hayes' terms, the reforms resulted in the significant expansion of government capacity for effective action where a governmental role had previously been established. The state assumed the bulk of the responsibility for school finance.

Borrowing from Etzioni, the school finance reforms together comprise a "fundamental decision" that now provides the basis for annual incremental policy changes. Importantly, several of the reforms adopted as a result of the SB 1 policy crisis are now fixed in Michigan's constitution. For example, the sales tax hike and the property tax cap were constitutional amendments. A repeal of these changes can occur only through the formal amendment process. Further, another constitutional amendment adopted with the passage of Proposal A requires a three-fourths vote in the state House and Senate in order to increase the school property tax limits discussed earlier.

Braybrooke and Lindblom note that lawmakers sometimes adopt large policy changes "because the potential rewards seem attractive enough to outweigh the perils imposed by imperfect understanding" (1963: 68). In the SB 1 case, lawmakers recognized that the new system of school finance would inevitably contain flaws.

However, as discussed earlier, the perceived benefits of the reforms were deemed to outweigh returning to the status quo ante SB 1.

The SB 1 policy crisis resulted in a number of major policy reforms that comprise a new foundation for school finance policy in Michigan. Indeed, the SB 1 policy crisis and the Proposal A reforms it engendered mark a turning point in Michigan school finance. Proposal A is the new point of reference from which future school finance policies will be developed. Finally, the charter schools policy innovation suggests a significant redefinition of the concept of "public education" in Michigan.

Chapter Eight

Conclusion

INTRODUCTION

In this chapter, I return to the three fundamental research questions that have guided this study:

- What is a policy crisis?
- What are the effects of a policy crisis on the policymaking process?
- What are the effects of a policy crisis on policy outcomes?

Below, I address each of these questions in light of my findings from the SB 1 policy crisis. I highlight the importance of these findings and indicate that the SB 1 policy crisis is an excellent case on which to build a general theory of crisis policymaking. I then suggest directions for future research on policy crises. The chapter closes with concluding comments.

THE POLICY CRISIS

Defining the Concept

Anyone can assert that a given situation qualifies as a policy crisis. However, this does not mean that a policy crisis actually exists; indeed, such assertions are frequently ignored by policymakers. In order to conduct systematic studies of crisis policymaking, political scientists must first agree on the meaning of the concept "policy crisis." Hermann (1969) has emphasized the importance of defining the term from the perspective of the political actors who are confronted with crisis situations. However,

with the notable exceptions of Hermann's (1969) pioneering work on foreign policy crises and work by Rosenthal et al. (1989), the research literature contains little in the way of a concrete, generalizable definition of the concept "policy crisis."

Borrowing from Hermann (1969), I have devised a useful definition of "policy crisis" that permits systematic inquiry into crisis policymaking. A "policy crisis," as defined in this dissertation, pertains to a crisis situation recognized by a majority of the policymakers in a governing body as threatening to their high-priority objectives. Given this threat, members of the governing body sense an urgent need to act to remedy a policy crisis. Since the negative effects of a policy crisis are likely to worsen over time, lawmakers are motivated to eliminate policy crises rapidly.

The SB 1 case meets the key criteria for identifying a policy crisis. The policymakers I interviewed were nearly unanimous in their perception that the passage of SB 1 posed a direct threat to their high-priority objectives. Accordingly, these policymakers were highly motivated to remove this threat in a timely manner. Policymakers agreed that SB 1 placed school finance in an unmistakable crisis state, and they sensed an urgent need to devise a successful resolution to the crisis. In contrast, lawmakers generally rejected the notion that the school quality policy area was in a crisis state. Thus, the imperative to act on this front was not nearly as compelling as in the case of school finance.

By applying my definition of "policy crisis" to other cases, the theory I advance in this dissertation can be further evaluated and expanded upon. A sound definition of this fundamental concept is the first step toward increasing our knowledge of policy

crises and the important effects they provoke.

CRISIS POLICYMAKING AND KEY POLITICAL ACTORS

Once the meaning of the concept "policy crisis" is established, a careful analysis of the effects of policy crises on the policymaking process is in order. The most important actors in the policymaking process are the legislature and the chief executive. While the research literature offers a great deal of insight on legislative-executive processes under ordinary conditions of policymaking, there is much room for further study of the policymaking process under crisis conditions. There is a limited literature on policy crises which emphasizes the role of the chief executive. However, with the important exception of Light's (1985; 1995) work on the Social Security crisis of the early 1980s, there has been very little research on the effects of a policy crisis on the legislative process. My research comprises a significant contribution to our knowledge of the roles of both the legislature and the chief executive during crisis policymaking.

The Legislature

Crisis policymaking is not legislative business as usual. A policy crisis provides justification for two types of actions. First, the imperative to act within a restricted time frame leads legislative leaders to reduce the scope of conflict. Policy crises inherently involve deadlines; and, as Loomis (1994) points out, deadlines tend to concentrate power. Thus, during a policy crisis, policymaking mechanisms that promote careful yet efficient crisis resolution are favored over traditional mechanisms of policymaking. Second, the imperative for a timely remedy during a policy crisis encourages legislative compromise. Thus, a policy crisis provides cover for lawmakers faced with difficult votes on

controversial reform measures.

During the SB 1 policy crisis, legislative leaders moved to reduce the scope of conflict and thereby ensure careful yet efficient policymaking. Most notably, they established an "unofficial" bipartisan team comprised of seven Democrats and seven Republicans to develop a school finance reform package behind closed-doors. Other mechanisms of efficient policymaking employed during the policy crisis were the committee bypass, including the "pre-conference" in place of the conference committee, and liberal use of the tie-bar (about 20 bills were tied together in one package). These mechanisms of policymaking were utilized due to the need for an efficient and sensible response to a policy crisis in a policy area fraught with complexity and political controversy.

Second, lawmakers reported that the SB 1 policy crisis provided a strong incentive for political compromise. Nearly all were faced with a threat to their high-priority objectives; thus, they recognized the imperative to compromise in order to devise a successful resolution to the crisis. Casting votes on new taxes in order to replace the revenue abolished by SB 1 was a difficult task for lawmakers. However, the policy crisis and the imperative for a timely solution provided political cover for lawmakers faced with difficult votes.

For the legislature, crisis policymaking involves significant deviations from ordinary legislative procedures. As Arnold (1990) suggests, lawmakers faced with a policy crisis can be expected to accept deviations from ordinary procedures when such deviations are aimed at producing an outcome that is clearly in their interest.

The Chief Executive

Crisis management is a fundamental responsibility of chief executives (Weinberg 1979). Accordingly, a policy crisis holds important implications for the political fate of the chief executive (Beyle 1990). In the absence of a successful remedy for a policy crisis, the chief executive can be expected to bear a good deal of the blame. In turn, the chief executive enjoys the bulk of the glory for policy crises that are adequately resolved. Given this state of affairs, the chief executive is highly motivated to promote legislative consensus on a remedy to a policy crisis.

In signing SB 1, Engler risked political damage if the ensuing policy crisis was not remedied, but he also seized an opportunity to pursue rich political rewards. His most salient campaign promise of 1990 -- property tax relief -- remained unfulfilled, and the 1994 campaign was fast approaching. Governor Engler's approach to the SB 1 policy crisis largely entailed exercising his informal powers, albeit more intensely than under ordinary conditions of policymaking. As predicted by the literature, Governor Engler reaped the bulk of the credit for the resolution to the SB 1 policy crisis.

In contrast to the legislature, the chief executive can be expected to utilize the powers traditionally at the disposal of chief executives. However, these powers are likely to be exercised more intensely than under ordinary conditions of policymaking.

Interest Groups

The interest group literature lacks a coherent body of theory on interest groups and the policymaking process. My findings on interest group activity in the context of a policy crisis contribute to our knowledge of the policymaking roles of interest groups.

During a policy crisis, the tendency toward a reduction in the scope of conflict and the imperative for lawmakers to act quickly are disadvantages for interest groups. Interest groups who fear policy change tend to assume a reactive stance in crisis policymaking. This is especially the case when interest groups are caught off guard by the appearance of a policy crisis, as in the SB 1 case. Interest groups confronted with such a policy crisis can be expected to devote the bulk of their efforts toward thwarting reform proposals deemed to be inimical to their respective interests. Despite lawmaker attempts to shield crisis policymaking from interest group influence, interest groups can use previously established contacts with key lawmakers to gain information on closed-door negotiations. Through these contacts, interest groups may also indirectly influence closed-door proceedings.

Interest groups were caught off guard by the SB 1 policy crisis. Few education or business interest groups were actively promoting coherent agendas for school finance reform. Instead, these groups concentrated their efforts on two tasks. First, they scurried to keep track of the reform proposals being considered by lawmakers. Second, they worked to thwart reform measures that were viewed as harmful to their respective interests. During the crisis, interest groups relied upon traditional forms of lobbying (e.g., meeting with individual lawmakers with whom they had established relationships, mobilizing memberships for grass roots action), but the lobbying was more intense than under ordinary conditions. Importantly, interest groups did have access to the key players in the reform process.

The General Public

The literature on linkages between the public and policymaking is ambiguous with regard to the extent to which the public can and does impact the policy process. Sabatier (1991) and others suggest that the public plays a limited role in policymaking. If the public tends to play a limited role in policy development under ordinary circumstances, it makes sense that the public would play even less of a role in crisis policymaking. A policy crisis requires quick action and leaves little time for public education. Bringing the public into the process is made even more difficult if the crisis is in a complex policy area such as school finance.

In ordinary policymaking, the public can play a critical role in setting the policy agenda. Similarly, the public can exogenously inspire an endogenously-induced policy crisis. In the SB 1 case, the public played a major role in placing property tax reform on the policy agenda, and in indirectly encouraging lawmakers to take a bold step on this front. Lawmakers had been hearing increasingly loud demands for property tax reform, yet the public had rejected various property tax reform measures on the ballot. Lawmakers decided that a policy crisis would force much-needed reform.

The public is not likely to play a strong direct role in crisis policymaking. Although the newspaper coverage of the SB 1 policy crisis was extensive, there is little evidence that the public reacted to that coverage with extensive political action. When it came to resolving the SB 1 policy crisis, the public's direct role was largely limited to the vote in favor of Proposal A in March 1994. However, the public had a significant indirect influence on the reform process. Given the history of repeated voter rejection

of property tax ballot measures, lawmakers decided that the public would be forced to make a "choice between change." The status quo (or, the status quo ante SB 1) would not be an option available to the electorate. Despite the time pressure and potential complexity of a policy crisis, lawmakers can be expected to calculate potential public reaction prior to approving any given remedy. Thus, the general public had a largely indirect, but nevertheless significant impact on the development and resolution of the SB 1 policy crisis.

POLICY CRISES AND POLICY INNOVATION

Policy crises open critical windows of opportunity for policy innovation. Skillful entrepreneurs can capitalize upon a policy crisis in order to promote policy innovation in both the policy area in crisis and related policy areas. It is important to note that policy innovation is not an automatic outcome of a policy crisis (see Polsby 1984). Rather, policy innovation is likely to result from the skillful exploitation of a policy crisis by one or more policy entrepreneurs. Policy entrepreneurs who are not lawmakers will seek the assistance of policy champions who hold clout within the legislature.

Although SB 1 created a pressing crisis in school finance, advocates of school quality reform were able to achieve access to the policy agenda. Beyond the package of relatively minor school quality reform items adopted during the SB 1 policy crisis, lawmakers made provision for a major innovation in the delivery of public education. The Michigan charter schools law, one of the broadest such laws in the nation, was adopted in the midst of the complexity and urgency of the school finance crisis. A policy entrepreneur had helped to create a receptive political climate for charter schools, and

skillful leadership on the part of Governor Engler helped to secure legislative approval for this policy innovation.

POLICY CRISES AND MAJOR POLICY CHANGE

Although incrementalism is the norm in policymaking, rapid, major policy change sometimes occurs. Importantly, policy crises encourage such policy change. As portrayed in Baumgartner and Jones' (1993) model of punctuated equilibrium, the SB 1 policy crisis resulted in a critical period of rapid, unpredictable policy change. The SB 1 policy crisis marks a turning point in school finance policy in Michigan. Most fundamental elements of the new school finance system are now either fixed in the state constitution or require an extraordinary legislative majority to be altered. Thus, a new foundation for school finance policy has been established. In addition, the charter schools policy innovation marks a major change in education policy that is unlikely to be reversed. The burst of major policy change initiated by the SB 1 policy crisis has since been followed by incremental adjustments and additions.

Lawmakers are typically reluctant to adopt policies that ensure major, enduring policy change. Significantly, a policy crisis creates strong incentives toward major policy change. Therefore, policy entrepreneurs may try to promote the perception of a policy crisis in order to induce crisis policymaking.

THE MICHIGAN CASE AND GENERALIZABILITY

While the focus of the dissertation has been on the Michigan case, the fundamental research objective has been to generalize the findings to theory (see Yin 1994: 36-37). Rather than focusing on the details of the Michigan case in and of

themselves, I have analyzed key elements of the Michigan case in order to build a general theory of crisis policymaking. The theory and empirical findings presented in this dissertation comprise a significant contribution to our understanding of the policymaking process under crisis conditions. In total, the key points I have developed comprise a coherent theoretical framework through which to examine other cases of crisis policymaking.

The Michigan case shares characteristics in common with other domestic policy crises such as the Social Security crisis of the early 1980s and the federal budget crisis of 1995-96. Further, the professional Michigan legislature is similar to the legislatures of other large states and to the U.S. Congress. Therefore, the theory I advance can usefully be applied to policy crises in other policy areas and to other legislatures. It is expected that future research on domestic policy crises will demonstrate the generalizability of the findings presented here.

DIRECTIONS FOR FUTURE RESEARCH

The results of this study suggest several directions for future research on policy crises. First, we need more research on other types of domestic policy crises. The focus of this dissertation has been on a particular type of domestic policy crisis -- one that is deliberately created by lawmakers. This genre of policy crisis has also been examined in Light's (1985; 1995) study of the Social Security crisis. The federal budget crisis of 1995-96, involving two government shutdowns, merits careful analysis by students of crisis policymaking. In addition to these endogenously-induced policy crises, policy crises might also arise due to faulty policy, court-rulings, or natural and accidental

disasters.

Using my definition of a policy crisis, it would be useful to identify and analyze other types of policy crises. In so doing, the theory of crisis policymaking advanced in this dissertation could be further evaluated and refined. For example, findings from future studies of court-imposed policy crises and their effects on policymaking and policy outcomes could be compared with the findings presented here. Court-imposed policy crises are likely to be preceded by more advance warning than other types of policy crises. In the former case, key political actors are likely to be aware that a potential crisis is pending before a court of law. Thus, such actors may have more time to devise strategies and tactics for crisis policymaking than in the case of other types of policy crises.

Second, it would be useful to examine the dynamics of attempts to initiate policy crises. A number of scholars (e.g., Polsby 1984; Henig 1994; Mintrom 1994) have identified an incentive for policy entrepreneurs to promote the perception of a policy crisis. My research indicates that attempts to induce a policy crisis are most likely to be successful when the policy area at issue is characterized by a highly salient problem and repeated attempts to solve the problem have failed. Findings from the Michigan case indicate that even popular, powerful political leaders such as Governor Engler cannot induce a policy crisis at will. Thus, we need further research aimed at the identification of the conditions under which such attempts are likely to be successful.

Third, beyond understanding the creation of policy crises, we need further research on the skillful exploitation of policy crises by policy entrepreneurs. Polsby

(1984) points out that political actors do not always capitalize upon the opportunities for policy innovation presented by a policy crisis. The expanding literature on policy entrepreneurs would benefit from an examination of the crisis conditions under which policy entrepreneurs are more or less likely to be successful in securing policy innovation. In congruence with Kingdon (1995), my research suggests that a policy innovation is more likely to be adopted during a policy crisis if a policy entrepreneur has previously worked to cultivate support for the innovation. We need more research on the dynamics of entrepreneurial activity and policy innovation in the context of a policy crisis.

COMMENTS IN CONCLUSION

Given the fascinating dynamics and compelling implications of policy crises, it is rather puzzling that they have received only limited attention from political scientists. While the research literature offers many useful insights on foreign policy crises and miscellaneous findings on domestic policy crises, there is a lack of systematic inquiry into the dynamics of crisis policymaking. The theory and findings presented here should be of interest to students of the policymaking process who seek to better understand policy crises and the determinants of major policy change.

My aim in this dissertation has been to develop a useful theory of crisis policymaking in order to provide the foundation for future studies of policy crises. Policy crises merit closer investigation. It is hoped that this study will inspire future contributions to theory-building so that we may gain a better understanding of policy crises and the outcomes they engender.

APPENDIX

The Senate Bill 1 Policy Crisis: A Chronology

1973	The Bursley Act establishes the "equal yield formula."
November 1990	Property tax relief is the most salient campaign promise of Republican gubernatorial candidate John Engler.
March 1993	On 15 March 1993, Kalkaska voters reject a ballot proposal for 7.6 mills to keep the Kalkaska public schools open for the remainder of the academic year. The Kalkaska public school district closes its schools two and one half months early on 24 March 1993.
June 1993	A property tax reform proposal to reduce and cap property taxes and raise the sales tax from 4 percent to 6 percent is rejected by voters by a margin of 54-46 percent. Of 13 property tax measures on the statewide ballot since 1972, this is the twelfth to be rejected by voters.
July 1993	<p>On 20 July, state Senator Debbie Stabenow proposes an historic amendment to Senate Bill 1, a property tax relief bill. The amendment proposes to abolish the use of local property taxes for school funding. The Senate approves the amendment and passes Senate Bill 1 by a vote of 29-5.</p> <p>On 21 July, the Michigan House approves Senate Bill 1 by a vote of 69-35.</p>
August 1993	Senate Bill 1 becomes Public Act 145 of 1993 on 19 August. Governor Engler enthusiastically endorses the bill in a media-event, signing ceremony at Greenfield Village in Dearborn, Michigan.
October 1993	<p>On 5 October, Governor Engler presents his school finance and school quality reform proposals before a joint session of the Michigan legislature.</p> <p>On 14 October, the Democrats announce that they will not devise their own alternative plan to Engler's.</p> <p>The House Team of 14 is formed in mid-October.</p>
November 1993	On 18 November 1993, the Team of 14 announces its school finance reform plan.

The Senate adjourns from 10 November through 29 November.

The House adjourns from 19 November through 28 November.

December 1993

On 10 December, the House passes a school funding plan modeled after the Team of 14 plan. The plan includes a statutory income tax increase and a ballot plan whereby the voters would choose between a 16 mill property tax or a sales tax increase.

On 16 December, Governor Engler proposes that voters be given a choice between an increase in the income tax or a hike in the sales tax.

On 18 December, the Senate Republicans pass their own plan centered on an increase in the sales tax and \$1 billion in budget cuts.

On 21 December, four party leaders from the House and Senate conduct closed-door negotiations.

On 22 December, at an evening news conference, Governor Engler announces that he has struck a deal with the leadership of the House and Senate. Minutes after the conference, Democratic Co-Speaker Curtis Hertel avows that there is no deal.

During the early morning hours of 23 December, legislative leaders in the House and Senate agree on a reform plan.

The House and Senate convene at 10:00 a.m. on 23 December. Over 20 reform bills are approved by the House and Senate during the marathon 26-hour session that ends shortly after noon on 24 December.

March 1994

On 15 March, Michigan voters approve Proposal A by a margin of 69-31 percent.

The Proposal A Campaign; Lawmaker Preferences on Proposal A

In early 1994, the battle between proponents and opponents of Proposal A was underway as both sides began media campaigns. Supporters of the proposal were led by Governor Engler, and included business, real estate, and health interests. The opposition was led by labor unions, the tobacco industry and the League of Women Voters. Advocates of the ballot plan focused their strategy on attacking the tobacco interests, referring to members of the industry as "death merchants." Proposal A supporters capitalized on the fact that the measure would raise the cigarette tax from 25 cents per pack to 75 cents per pack.¹ Governor Engler stated "There's only one thing that can stop us and that's Joe and Josephine Camel" (Bell 1994b: 1a).

Opponents of Proposal A focused on the weaknesses of the plan itself, with little attention given to the statutory back-up plan that would have been implemented if Proposal A was defeated. Anti-A television ads compared the proposal to the Michigan lottery. In addition, the anti-A campaign revealed an anti-Engler sentiment. For example an advertisement broadcast over radio airwaves encouraged voters to "say 'no' to Engler, say 'no' to A."

Democrats were generally opposed to Proposal A while Republicans tended to support it. In a survey of state legislators conducted a week before the vote, almost 90 percent of Republican legislators said they would vote "yes," or were leaning toward a "yes" vote on Proposal A; one in every five Democratic legislators planned to vote in favor of the plan (Bell 1994a).

¹ The statutory, "back-up" plan would have raised the per pack tax from 25 cents to 40 cents.

Table A.1: Coverage of the SB 1 Policy Crisis in *The Grand Rapids Press*, July 1993²

	Su	M	T	W	Th	F	Sa	Total
July				21/1F	22/3F	23/1F		5 F
	25/1F		27/2F	28/4F	29/1F			7 F
								12 F

² For tables A.1 - A.18, news items, editorials and editorial-style columns were counted. The first number in each cell is the date of the month. Next, the number of newspaper items on the SB 1 policy crisis for a given date is indicated. "F" denotes that the item was primarily about the school finance issue (e.g., property taxes); "Q" means that the item was primarily about school quality (e.g., school choice); "B" means that the item was about both the school finance and school quality issues. An empty cell indicates that no items on the SB 1 policy crisis appeared in the paper that day. Tables A.1 and A.10 begin with 21 July 1993 since the SB 1 policy crisis was formally initiated on that date. Tables A.9 and A.18 conclude on 16 March 1994, the day after the vote on Proposal A. Codings found in Tables A.1 - A.9 are based on a review of microfilm copies of each edition of *The Grand Rapids Press* from 21 July 1993 through 16 March 1994. Codings for Tables A.10 - A.18 are based on summaries of items in *The Detroit News* from 21 July 1993 through 16 March 1994 found in University Microfilms, Inc. (1994, 1995).

Table A.2: Coverage of the SB 1 Policy Crisis in *The Grand Rapids Press*, August 1993

	Su	M	Tu	W	Th	F	Sa	Total
August	1/1F	2/1F		4/1Q	5/1B 1Q			1 B 2 F 2 Q
		9/1F	10/1F					2 F
	15/1Q		17/1F	18/1F	19/1F		21/1F	4 F 1 Q
	22/1Q			25/1F	26/2F	27/1F	28/1F	5 F 1 Q
	29/1B 1F,1Q	30/1F	31/2F					1 B 4 F 1 Q
								2 B 17 F 5 Q

Table A.3: Coverage of the SB 1 Policy Crisis in *The Grand Rapids Press*, September 1993

Su	M	T	W	Th	F	Sa	Total
September			1/1F	2/1F		4/1F	6 F
	5/2F	6/1F					3 F
	12/1F	13/1Q	14/1B 1F		16/1Q		1 B 2 F 2 Q
	19/1Q	20/2Q			23/1F1Q	24/1F	2 F 4 Q
		27/1F	28/3F		30/1F		5 F
							1 B 18 F 6 Q

Table A.4: Coverage of the SB 1 Policy Crisis in *The Grand Rapids Press*, October 1993

	Su	M	T	W	Th	F	Sa	Total
October						1/1F 1Q		1 F 1 Q
	3/2F	4/1F	5/1F 1Q	6/2B 4F	7/3F	8/1F	9/1F	2 B 13 F 1 Q
	10/3F	11/1Q	12/1Q	13/1B	14/1F	15/2Q		1 B 4 F 4 Q
	17/1B 1Q			20/1F 1Q	21/1F	22/1F		1 B 3 F 2 Q
	24/1F		26/1F 1Q		28/1F		30/1 F	4 F 1 Q
	31/1F							1 F
								4 B 26 F 9 Q

Table A.5: Coverage of the SB 1 Policy Crisis in *The Grand Rapids Press*, November 1993

	Su	M	T	W	Th	F	Sa	Total
November			2/1F	3/1Q	4/1Q	5/1B		1 B 1 F 2 Q
			9/1F		11/1B	12/1F	13/1B	2 B 2 F
		15/2B	16/1F 1Q		18/2F	19/1F		2 B 4 F 1 Q
	21/1 F 2Q					26/1F		2 F 2 Q
	28/1 B 1F	29/1B	30/1Q					2 B 1 F 1 Q
								7 B 10 F 6 Q

Table A.6: Coverage of the SB 1 Policy Crisis in *The Grand Rapids Press*, December 1993

	Su	M	T	W	Th	F	Sa	Total
December				1/1Q	2/1F 2Q	3/1Q	4/1Q	1 F 5 Q
	5/1B		7/1B 1F,1 Q	8/1Q	9/1B 1F	10/1F	11/1F	3 B 4 F 2 Q
	12/1F	13/1Q	14/1F 2Q		16/1F	17/1F	18/1F	5 F 3 Q
	19/2F		21/2F	22/1F	23/1B	24:1B 1F	25/2B 1F	4 B 7 F
	26/1B 1F		28/1B 1F	29/F		31/F		2 B 4 F
								9 B 21 F 10 Q

Table A.7: Coverage of the SB 1 Policy Crisis in *The Grand Rapids Press*, January 1994

Su	M	T	W	Th	F	Sa	Total
January						1/1F	1 F
	2/1F	3/1F	4/1F	5/1F	6/2F		6 F
	10/1F		12/1F 1Q				2 F 1 Q
		18/2F	19/1F				3 F
	23/1			27/2F			3 F
							15 F 1 Q

Table A.8: Coverage of the SB 1 Policy Crisis in *The Grand Rapids Press*, February 1994

Su	M	T	W	Th	F	Sa	Total
February		1/1F	2/1F	3/1F			3 F
	6/2F	7/1F	8/2F	10/1F	11/2F	12/2F	10 F
	13/1 F		15/1F				2 F
	20/2 F		22/2F	23/2F	25/2F		8 F
	27/2 F 1Q						2 F 1 Q
							25 F 1 Q

Table A.9: Coverage of the SB 1 Policy Crisis in *The Grand Rapids Press*, March 1994

	Su	M	T	W	Th	F	Sa	Total
March			1/1F	2/1F			5/1F	3 F
	6/5F		8/1F	9/1F	10/1F 1Q	11/1F		9 F 1 Q
	13/4 F	14/2F	15/1F	16/2F				9 F
								21 F 1 Q

Table A.10: Coverage of the SB 1 Policy Crisis in *The Detroit News*, July 1993³

	Su	M	T	W	Th	F	Sa	Total
July				21/1F	22/5F	23/5F	24/3F	14 F
	25/1B 7F	26/1F 1Q	27/2F	28/1F	29/1Q	30/3F	31/1F	1 B 15 F 2 Q
								1 B 29 F 2 Q

Table A.11: Coverage of the SB 1 Policy Crisis in *The Detroit News*, August 1993

	Su	M	T	W	Th	F	Sa	Total
August	1/3B 2F	2/2F	3/1B 1F	4/2F	5/2F	6/2F		4 B 11 F
	8/1Q				12/2F	13/1Q	14/1F	3 F 2 Q
	15/1F	16/2F	17/1Q	18/1B 1F		20/1B 1F	21/1F	2 B 6 F 1 Q
	22/1F 1Q			25/1F 1Q	26/2F	27/2F		6 F 2 Q
	29/1B 1F	30/1F						1 B 2 F
								7 B 28 F 5 Q

³ *The Detroit News* and *The Detroit Free Press* are combined in a joint edition on Sundays but have separate editorial pages; thus, Sunday counts in the tables include the editorials of both newspapers.

Table A.12: Coverage of the SB 1 Policy Crisis in *The Detroit News*, September 1993

	Su	M	T	W	Th	F	Sa	Total
September						3/1Q		1 Q
	5/2F			8/2F		10/1F		5 F
	12/3B 1F	13/1Q	14/1F 1Q	15/1 Q	16/2 Q	17/1 Q		3 B 2 F 6 Q
	19/2F 1Q		21/1F		23/1F	24/1 Q	25/3F	7 F 2 Q
	26/2F		28/1B 3F	29/1F	30/1F			1 B 7 F
								4 B 21 F 9 Q

Table A.13: Coverage of the SB 1 Policy Crisis in *The Detroit News*, October 1993

	Su	M	T	W	Th	F	Sa	Total
October						1/1F	2/2F 1Q	3 F 1 Q
	3/1B 6F,1Q	4/1F 2Q	5/1B 2F	6/3B 2F,1 Q	7/5F 1Q	8/1Q	9/2F	5 B 18 F 6 Q
	10/2B	11/1B 2Q	12/1F 1Q	13/1F 1Q	14/1F			3 B 3 F 4 Q
	17/2F	18/1B 1F	19/1F	20/1 Q	21/1B 1F, 1Q	22/1F 1Q		2 B 6 F 3 Q
	24/1B 2F		26/1B	27/2F	28/1B 1F	29/1F 1Q	30/1B	4 B 6 F 1 Q
	31/1B 3F							1 B 3 F
								15 B 36 F 14 Q

Table A.14: Coverage of the SB 1 Policy Crisis in *The Detroit News*, November 1993

	Su	M	T	W	Th	F	Sa	Total
November		1/1F		3/1B 1Q	4/1B 3F	5/1F		2 B 5 F 1 Q
	7/1B 1F,1 Q	8/1B		10/1F	11/1B 1Q	12/1F 1Q	13/1Q	3 B 3 F 4 Q
		15/1F	16/1B 1Q	17/1B 1Q	18/2F	19/1F		2 B 4 F 2 Q
	21/2 B 2F,1 Q	22/1F			25/1Q		27/1B	3 B 3 F 2 Q
	28/1 B	29/1Q	30/1Q					1 B 2 Q
								11 B 15 F 11 Q

Table A.15: Coverage of the SB 1 Policy Crisis in *The Detroit News*, December 1993

	Su	M	T	W	Th	F	Sa	Total
December				1/1Q	2/1B 2F	3/1B 2Q	4/1Q	2 B 2 F 4 Q
	5/1F 2Q	6/1Q	7/1B 1Q		9/1F	10/1B 1F	11/1F	2 B 3 F 4 Q
	12/1B 3F	13/1F	14/1B	15/1F	16/1F 2Q	17/1B 1F	18/1F	3 B 8 F 2 Q
	19/3F 1Q		21/2F	22/1B 1F	23/1F	24/1F	25/1B 3F	2 B 8 F
	26/2B 1F		28/2F 1Q	29/1B 1F				3 B 3 F 1 Q
								12 B 24 F 11 Q

Table A.16: Coverage of the SB 1 Policy Crisis in *The Detroit News*, January 1994

	Su	M	T	W	Th	F	Sa	Total
January							1/1F	1 F
	2/3F	3/1Q			6/2F	7/1F		6 F 1 Q
	9/2F	10/1F	11/1F	12/1F	13/2F 1Q		15/1F	8 F 1 Q
	16/3 F 1Q		18/2F		20/1F	21/1F	22/1Q	7 F 2 Q
	23/2 F			26/1F	27/4F	28/2F	29/1F	10 F
	30/2 F 1Q							2 F 1 Q
								34 F 5 Q

Table A.17: Coverage of the SB 1 Policy Crisis in *The Detroit News*, February 1994

	Su	M	T	W	Th	F	Sa	Total
February				2/1F	3/3F	4/1F 1Q	5/1Q	5 F 2 Q
	6/1B		8/1F	9/1F	10/2F	11/1F		1 B 5 F
	13/2 F	14/2F 1Q	15/2F	16/2F	17/2F	18/2F	19/4F	16 F 1 Q
	20/5 F	21/2F	22/2F	23/1F	24/2F	25/1F	26/2F	15 F
	27/4 F	28/1F						5 F
								1 B 46 F

Table A.18: Coverage of the SB 1 Policy Crisis in *The Detroit News*, March 1994

	Su	M	T	W	Th	F	Sa	Total
March			1/2F	2/1F	3/2F	4/3F	5/1F	9 F
	6/10F	7/2F	8/2F	9/7F	10/5F 1Q	11/4F	12/3F	33 F 1 Q
	13/3F	14/1F	15/1F	16/2B 8F				2 B 13 F
								2 B 55 F 1 Q

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