The author of this report believes that the subject of urban school desegregation costs presents rich opportunities for research, which has great practical and theoretical interest. This collection of case studies of five urban areas undergoing court-ordered desegregation of schools is intended as a preliminary to more extensive study of the financial problems that school districts encounter in estimating and paying for the cost of school desegregation. The five cities examined are Buffalo, New York, Milwaukee, Wisconsin, and Cleveland, Columbus, and Dayton, Ohio. In all five cities, the courts have held that the schools have violated the equal protection clause of the Constitution. The case reports summarize the history of desegregation litigation and the efforts by plaintiffs and defendants (city and state) to comply with court orders. The author discovered that in all five cities, cost of desegregation became a political issue and that accurate estimate methods were lacking. (Author/DS)
URBAN SCHOOL DESEGREGATION COSTS

PART I. CASE STUDIES

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November 1977
Foreword

This report is being issued during an interlude in the Liddell et al. v. St. Louis Board of Education proceedings before U. S. District Judge James Meredith. Two issues are before the Court: (1) the defendants' liability for segregation in the St. Louis Public Schools, and (2) the actions which could be taken to desegregate the schools.

The writer of this report has been heavily involved in activities concerning the second issue. During the period from December 1976 through March 1977 I was an observer at the Decision Seminars in which St. Louis school personnel, board members, and concerned citizens considered steps which could be taken to reduce segregation. Subsequently I assisted the original plaintiffs, Liddell et al., in the development of a desegregation plan which differed from the one prepared by the defendants.

While considering the problem of desegregating the St. Louis Schools, I became acutely aware of the lack of cost information available to educators and citizens engaged in the design of desegregation plans. There simply did not seem to be a body of public knowledge or professional knowledge which could be used to estimate the costs of desegregation plans, or to assess the validity of estimates proposed by others. As desegregation plans entered the litigation process in St. Louis, it became apparent that political considerations, rather than firm knowledge of costs, were shaping discussions of desegregation costs. Concern about the inadequacy of cost information was heightened in July when Judge Meredith ordered that the remedial plans submitted to the court should include cost information.

In August 1977 the Danforth Foundation provided a small grant for a preliminary study of urban school desegregation costs. The grant has been used to underwrite (a) a review of the desegregation literature pertaining to costs, and (b) brief case studies of five cities which have been ordered to desegregate their schools.

A report on the literature review will be completed in December. That report will not provide much immediate assistance to those who must generate estimates of urban school desegregation costs, for the literature is fragmented, unreliable, and wholly inadequate to the problem at hand.

The present report deals with the financial aspects of desegregation in the five cities which were studied. Our examination of the cities, like this report, can best be described as "preliminary." Our goal was simply to plot the main outlines of the financial landscape as it pertains to desegregation. The outline needs to be verified through further study, and the details need to be filled in. The purpose of this initial report is simply to present our findings. If the report helps to foster reasoned discussion and informed planning about desegregation costs, it will have served well.

—David L. Colton, Director
Center for Educational Field Studies
I. COST AS A PROBLEM

What does it cost to desegregate an urban school system? Merely posing the question presents many semantic difficulties. In this report the word "cost" is used in the narrow sense, referring to dollars. Other social costs (and benefits) are ignored. "Desegregation" is used in a broad sense, referring not merely to the process of assigning students and teachers to schools in a non-discriminatory fashion, but also to activities which may be necessary or desirable concomitants of such assignment. Some people label the latter activities as "integration"; here the distinction is ignored. Even the phrase "urban school system" is ambiguous. In this report, urban school systems are those which are roughly limited to the "central city" portions of metropolitan areas, e.g., districts such as St. Louis, Cleveland, Rochester, and Detroit, where there is a relatively compact central city school district surrounded by "suburban" school districts. Hence we exclude many southern school districts (e.g., Charlotte-Mecklenberg and Louisville-Jefferson County) which extend from the core city through the suburbs and even into rural areas. Admittedly this geographic distinction between districts is not always clear, as in portions of Columbus, where annexation has carried some of the district's boundaries into areas that would be considered as "suburbs" in other settings. Nonetheless we have tried to focus upon central-city districts rather than metropolitan-area districts.

Until recently the problem of urban school desegregation costs attracted little notice. Until the mid-1960s, desegregation usually was viewed as a problem of the South. Two features of education in the South tended to de-emphasize the question of costs. One was that the task of dismantling
dual school systems rarely involved substantial expenditures. Indeed, in many districts it was less expensive to operate unitary school systems, where facilities and programs did not have to be duplicated, than it was to operate segregated systems. The principal exceptions appear to have occurred in those systems which offered programs which were separate and unequal; such systems often expended funds to upgrade facilities and other resources previously assigned to blacks. A second feature of Southern schools is the prevalence of county-size school districts. These large districts usually provided extensive student transportation prior to desegregation. Thus desegregation rarely required the creation of massive student transportation systems. Usually the transportation system was simply re-aligned. However in some situations, particularly large cities, additional transportation was required to achieve desegregation. In these situations cost became an issue fore-shadowing the cost problem which rose to prominence as desegregation became an issue in northern urban school systems in the 1970s.

Several factors recently have combined to direct attention to the cost aspects of urban school desegregation. One factor is that cities in the north typically operate school systems which are small in area, compared to southern districts. Thus many northern urban districts, including St. Louis, do not operate substantial student transportation systems, except for special education and vocational education students. Where transportation is provided, city school systems often rely on public transit facilities with the result that school districts operate very small bus fleets of their own. In such situations the introduction of a large-scale student transportation system produced new cost items of a magnitude and complexity beyond the experience
of city school personnel. Their need for knowledge became acute when courts and board members started to demand cost data.

A second factor which recently has directed attention to the cost of urban school desegregation is the prevalence of serious financial problems in many urban school systems. These problems have been developing for many years and have received considerable public notice during the period since the early 1960s. They interact in two ways with the desegregation issue. First, desegregation is seen as an additional burden upon school budgets already in deep trouble; urban school officials assert that any diversion of funds for desegregation further contributes to the deterioration of urban education. Second, however, the Emergency School Assistance Act (ESAA) and state legislation (or court orders) providing state funds to desegregating systems, create opportunities for alleviating some of the financial problems of urban education. Schools have begun to mobilize federal and state desegregation assistance even as they fight desegregation orders in the courts. Either way, attention to the costs of desegregation is heightened.

Another factor, distinguishable from desegregation but very relevant to it, has been the dramatic change in the composition of urban school students. Their numbers have declined dramatically. In a decade, many urban school systems have lost 20-30% of their students. The loss has raised questions about surplus facilities and staff and the possibilities of cost economies. Desegregation, with its possibilities for comprehensive reorganization of a school system, invites attention to such problems.

Finally, the legal environment continues to change. Milliken v. Bradley II, announced last June, has profound significance for the design and
financing of desegregation remedies. In that case the Supreme Court, without dissent, decided that the District Court did not exceed its equitable power when it found that certain "educational components...are essential for a school district undergoing desegregation." The court not only approved the inclusion of four educational components (reading, in-service training, testing, and counseling/guidance) in Detroit's desegregation plan; it also approved the apportionment of the costs of these programs between state and local defendants. The Supreme Court opinion emphasized that educational components must be remedial in nature. Heretofore the inclusion of educational components has been justified largely in terms of providing incentives for voluntary desegregation through program improvement. Milliken v. Bradley II introduces a whole new dimension into the arena of desegregation costs.

In the past 2-3 years, litigation which began in the early 1970s has resulted in court findings that several urban school systems have violated the Equal Protection clause of the Constitution. Remedies are being ordered, and courts are asking for cost data. The courts' interest in cost apparently is prompted, to some extent, by recognition that cost is one of the "practicalities" that must be considered in desegregation. At the same time, the appointment of Special Masters, experts, and monitoring commissions reflects the courts' reluctance to depend solely on defendants' statements about the costs of urban school desegregation.

These judicial developments have served as a catalyst in which the elements previously mentioned have been brought together to produce intense and very practical interest in the problem of urban school desegregation costs. What will it cost to implement a desegregation plan in city X?
In one sense, the best answer to that question is that "it depends upon the characteristics of city X and upon the character of the plan devised for that city." But this is not a very helpful answer for desegregation planners in cities which are trying to learn from the experience of other cities.

The answer deflects attention from two important considerations. The first is that cost items are not infinitely variable; the cost of a school bus or a reading teacher may vary from city to city, but the variation is within a fairly narrow range. Hence it may be possible to generate "ballpark figures" about urban school desegregation costs. Second, the answer ignores the matter of strategy. How do urban school systems approach the cost problem?

In an effort to identify regularities in cost and approach, we conducted some exploratory case studies of urban school desegregation finances.

The following pages provide brief reports about the costs of desegregation in five cities. The reports are not complete. However, they provide a starting point for comparison and analysis. Following the case studies the reader will find a preliminary research agenda which is intended to guide more systematic studies in the future.
II. FIVE CITIES: CASE REPORTS

The five cities chosen for examination were Buffalo, Cleveland, Columbus, Dayton, and Milwaukee. All are northern cities with central city school districts which are more or less completely surrounded by suburban districts. Three (Cleveland, Milwaukee, and Columbus) are somewhat larger than St. Louis in terms of student enrollment; Buffalo and Dayton are smaller. In four of the cities (Cleveland, Buffalo, Columbus, and Dayton) information was obtained from documents and from interviews conducted in each city. The fifth city (Milwaukee) was not visited; all information was obtained from published and unpublished sources. In the cities visited, informants were asked simply to "tell us about the costs of desegregation." Notes following the case reports indicate the sources of information used.

In all five cities the courts have held that the schools have violated the equal protection clause. All the cities have been ordered to institute desegregation plans. Dayton first adopted a court-approved plan in 1973. A substantially expanded plan, involving mass busing, was implemented in 1976-77 and again in 1977-78. Buffalo and Milwaukee both implemented the first phases of their desegregation plans in September 1976, prior to court approval of full plans. In the fall of 1977 Cleveland and Columbus were at the stage of designing desegregation plans.
Buffalo

Buffalo, New York State's second largest city, had a total population of 457,814 in 1970. The city economy is dependent upon heavy industry. However, the factories often are old and many are closing. For example, in August 1977 Bethlehem Steel announced the termination of 3000 jobs at its Lackawanna plant—a major blow to the city economy.

In 1968 the Buffalo Public Schools enrolled 72,000 students, including a 39% minority. Current school enrollment is down to approximately 54,000—47% minority. Desegregation became an issue in 1965 when the New York Commissioner of Education ordered the Board to develop a desegregation plan. The plan which was developed relied heavily upon a grade reorganization and upon the construction of twelve new middle schools. However, the Board of Education was dependent upon the City Council for funds, and after initial support for the plan wore off the Council refused to make new construction funds available. Moreover, the Board of Education failed to obtain sites to build middle schools which could utilize those funds which had been appropriated. A second component of the plan featured one-way voluntary busing, whereby inner-city children were provided with free bus passes for enrollment in schools in the outlying portions of the city. In 1971 approximately 3200 students were availing themselves of this plan, but it did little to reduce the racial isolation of many of Buffalo's inner-city children.

Buffalo was visited on August 22-23, 1977. The following individuals kindly shared their time, information, ideas and materials with me:

Dr. Newhouse, Professor of Law, SUNY-Buffalo
Mr. Reville, Superintendent, BPS
Mr. Echols, Desegregation Supervisor, BPS
Mr. Griffin, Attorney for Plaintiffs
Mr. Goldfarb, Plaintiff
schools. According to the 1973 Fleischmann Commission Report, "voluntary desegregation of Buffalo's public schools... appears unlikely." Six years after being ordered by the Commissioner to begin desegregation, the situation remains basically the same as it was at the time of the order, if not worse.

In 1972 desegregation litigation began, with city officials, school district officials, and state officials named as defendants. In May 1976 Federal District Judge Curtin ruled that the plaintiffs' constitutional rights had been violated. Defendants were ordered to submit remedial plans.

The defendants' plan was not satisfactory to the plaintiffs, who devised a plan of their own. Subsequently, in reviewing the two plans, Judge Curtin made several observations concerning the financial aspects of desegregation. He noted, for example, that the Board's proposal to close several schools was "made primarily for purposes of economy and that in some instances the integration aspect is secondary"; subsequently the court questioned some school closings because of their failure to advance integration. The court took note of the defendants' contention that cuts which the City Council had made in the school district's 1976-77 budget had created a financial crisis in the Buffalo Public Schools—a crisis which defendant's said would lead to severe cuts in programs and would preclude any major integration effort. The Judge noted that the Board's plan was "short of a true integration effort," but he allowed the defendants to proceed with most components of their 1976-77 plan. He also ordered them to submit additional plans which would produce further desegregation in 1977-78. In formulating the 1977-78 plan, the defendant Board was to consider "the practicalities":

...
In its plan, the Board may take into account practicalities...but these practicalities must be supported by details. For instance, the cost of rehabilitation, maintenance, transportation, hiring of new personnel, transportation distances and number of individuals involved; resources and staffing problems and considerations of other problems may be considered in drawing up the plan. The Court emphasizes that mere opinion, however, of the defendants cannot be considered by the Court unless it is supported by facts and figures.

At the same time the plan prepared by plaintiffs was rejected because of its failure "to take into account some important practical considerations." The court also directed that attention be given to the possibility of drawing upon the resources of the business and academic communities. Further, Judge Curtin ordered city budget officials "to determine what funds are needed to put into effect the plan and to begin to make provisions so that the budget prepared for the 1977-78 school year would adequately provide the needed money."³

The 1976-77 year got off to a bad start due to a long teacher strike in September. Nonetheless, ten schools were closed. (Plaintiffs characterize the Phase I plan as a "school closing plan, not a desegregation plan.") In addition two magnet school programs were implemented: An "Honors School," and a new $13 million K-8 school in the inner-city. Additionally, Phase I continued the one-way busing plan adopted in 1967. E.S.A.A. funds ($1.6 million) were used to cover some of the costs of Phase I desegregation.

Planning for Phase II occurred during the 1976-77 school year. Both the state and the local defendants submitted plans during the winter. Dissatisfied with these plans, the plaintiffs submitted an alternate plan prepared by John Finger. Finger's plan criticized the state plan on a number
of grounds, including its failure to include any provisions for financing desegregation. Finger suggested that the Court should state an estimated dollar amount to be expended annually to compensate for the state's discriminatory acts. The Regents should then through its Education Department provide the needed detailed studies as to how such funds should be expended. Fifty million dollars ($50,000,000) would seem an appropriate annual amount above that already provided.

(During the period 1965 through 1970 the legislature had annually appropriated funds to assist districts reduce racial imbalance. In FY 1971 $3 million had been appropriated, but thereafter the Legislature refused to appropriate desegregation funds.) Defendants acknowledged that $50 million was "a good round number."

Finger's own plan, which featured a clustering and pairing arrangement coordinated with school closings and magnet programs (optional), did not contain a cost estimate. Buffalo plaintiffs maintain that it is the defendants' responsibility to obtain funds for desegregation. However, Finger noted that renovations and equipment for the paired schools are a cost chargeable to the desegregation plan. The Court should direct the Board of Regents and the Buffalo Board of Education to present a joint plan to the Court for the payment of these costs.

In similar language, Finger suggested that provisions be designed for financing early childhood programs, and inservice training for teachers. Regarding transportation, Finger estimated that his plan would require less transportation than the defendants' plan, that "buses can easily do several runs," and that "a considerable portion of the transportation costs can be charged to the state." Despite these references to costs, Finger's plan provided no detailed cost estimates.
In July 1977, the court substantially approved the Board's Phase II plan. The plan involved the creation of eight new magnet schools and improvements in the transportation program which moved inner-city children to outlying schools. However, the court required that all magnet schools must be integrated. In addition, the court directed the state defendants to provide greater assistance to Buffalo by way of "state financing of the hiring of certain additional staff to assist the Buffalo schools." Judge Curtin directed the City of Buffalo to give priority to demolition of "abandoned and derelict structures near some school buildings."  

Planning for the magnet schools survived two summer crises. The first occurred when Judge Curtin issued an order saying that two of the eight schools could not open because they were racially imbalanced. A successful recruitment effort followed with the result that the Judge's order was withdrawn. A second problem concerned delay in announcement of ESAA funding; however at the last minute the expected funds were approved.

A July memorandum, titled "added costs for Phase II, Desegregation of Buffalo Schools," provides information about the costs which the school system considered as desegregation costs. The total amount is $8.4 million. Of this, nearly $5 million is for education program components, e.g., 125 teachers at $16,000, 160 aides at $5,168, 8 assistant principals at $21,000, 8 librarians and 11 library aides, "specialized equipment" ($515,000), books and supplies ($252,090), etc. The district was expecting to receive $1.6 million in E.S.A.A. funds to pay for some of the education program component expenditures.
In addition to education components, the July memo indicates that $275,000 is needed for building renovation, $245,000 for security services, and exactly $3,000,000 for transportation. No details are provided concerning the transportation item. It appears that transportation in 1977-78 is being shifted from the public transit system to a contracted service operation. One of the plaintiffs contended that this shift doubles the cost of the one-way transportation system which carries minority youngsters from inner-city to outlying schools. However a defendant noted that the new transportation system would make the voluntary transfer program more desirable, thus contributing to the integration of the outlying schools.

The opening of school in September went smoothly, according to press accounts. Indeed, both state and national officials praised Buffalo for its progress. However many issues remain unresolved. Plaintiffs maintain that the continuation of some fourteen all-black inner-city schools fails to meet constitutional requirements; they are urging a court order which will require the desegregation of these schools. In addition the one-way busing component of the Buffalo Plan disturbs the plaintiffs. On the other side, defendants are appealing the initial finding of system liability. Another complication concerns the budget. Evidently the School Board adopted a budget which provides for expenditures $8 million in excess of the revenues. A major dispute has broken out between the City Council, which provides the schools funds, and the Board of Education. At the same time, the School Board and the State are at odds; the former has filed motions which would require the state, a co-defendant, to pick up several million
dollars in desegregation costs. The costs attributed to desegregation, meanwhile, are mounting. The $8 million figure produced during the summer has been supplemented by the costs of building demolition and renovation.

The Supreme Court's latest ruling in Bradley v. Milliken is being cited by Board spokesmen in support of their request for state financial assistance for desegregation. 10

As the litigation proceeds on several fronts, the Board of Education is being required to pay fees to the plaintiffs' attorneys as well as the Board's own attorneys. 11 A Monitoring Commission has just been appointed, but no information has been obtained about the cost of this component of desegregation in Buffalo.
Notes: Buffalo


6 Fleischmann Report, op. cit.

7 Finger Plan, op. cit.


The Cleveland Public Schools currently enroll approximately 115,000 students, a decline of 40,000 since 1968. Minority enrollment in 1976 was 61%, compared to 57% in 1968.

Desegregation litigation was initiated by the NAACP late in 1973. A trial began in November 1975. On August 31, 1976, District Judge Battisti ruled that the Cleveland School Board (and co-defendant state officials) had violated the equal protection clause of the Constitution. A Special Master was appointed, and proceedings aimed at developing a desegregation plan were ordered initiated. The Board of Education immediately appealed Judge Battisti's ruling, and sought a stay of the order to begin desegregation planning.

The Board's request for a stay emphasized financial matters. In its arguments the Board referred to the expense of planning, the costs of desegregation itself, and the precarious financial condition of the school system. Defendants asserted that first-year busing would cost $45 million—$28 million for buying buses and $17 million for operating them. Plaintiffs characterized these figures as "highly speculative" and unsupported by evidence.

In granting the Board's motion for a stay, Appellate Court Judge Weick appears to have been particularly attentive to the financial implications of desegregation. He noted that the "board is presently without the funds needed either to purchase buses or to provide for their operation." He cited Superintendent Briggs' affidavit linking busing with irreparable harm.

Cleveland was visited on October 3. The Citizens' Council for Ohio schools provided the bulk of the information reported in this section.
financial injury. He noted the $45 trillion transportation figure submitted by the schools. He also noted that Superintendent Briggs was "familiar with the Dayton plan for desegregation which has projected an annual deficit of twelve million dollars." Applying this figure to Cleveland, Judge Weick projected a deficit of $35-40 million. The Judge also expressed his solicitude for the school taxpayers and "the parents who invest their life earnings and make their payments on home mortgages, and who have purposely located in a neighborhood close to a school so that their children may receive the finest available education from the local schools." 3

The NAACP assailed the Board's "scare tactics,” and appealed Judge Weick's decision. 4 At about the same time the NAACP suggested its own desegregation guidelines. Superintendent Briggs promptly responded; he raised the projected cost of busing to $75 million. Asked whether he wasn't exaggerating the cost, he said he had "supplied in an affidavit to the Circuit Court of Appeals factual straightforward figures based on what the NAACP is asking for." He further indicated that the money—equivalent to half the school system's annual budget—simply could not be raised. 5

In mid-October, while the NAACP's appeal was still pending, Superintendent Briggs again revised his transportation estimate. This time he claimed that the costs of busing under the NAACP's proposed desegregation guidelines would be $71,866,873. A detailed cost breakdown was provided to support this figure. Briggs projected the purchase of 1298 buses at $18,350 each ($23.8 million), annual bus operating costs at $20,281 per bus ($26.3 million), construction of bus service and storage complexes ($19.1 million), plus a communication system and other miscellaneous costs ($2.1 million).
These figures made front-page news in the Plain Dealer. However, press accounts failed to note that Briggs' projections rested on some unusual assumptions, e.g., each bus would carry only one load of students, and the load factor (secondary level) was only 39 students per bus. NAACP attorney Atkins was quoted as saying that Briggs' figures were "ridiculous and asinine" and that "the estimates quoted by the Cleveland school officials indicate either shocking incompetence on their part, or a deliberate attempt to mislead the public, cause alarm, and intimidate the federal court from carrying out its mandate." By this time, of course, the issue of busing costs had become highly politicized. Congressman Ron Nottl issued a flyer headlined "Busing Ourselves into Bankruptcy." The Congressman also presented his staff's data on desegregation costs in other cities, and urged readers to write to President Ford in protest.

In Mid-November the Appeals Court set aside Judge Weick's stay and ordered the defendants to proceed with the development of desegregation plans. Three weeks later Judge Battisti issued guidelines for the desegregation planning.

On January 17, 1977, the Board defendants submitted their first desegregation plan. The plan included no costs for new buses or other capital expenditures, but did estimate annual operation costs as follows:

- Additional Personnel .................. $4,417,356
- Materials ................................ 760,500
- Consultants ............................ 50,000
- Pupil Transportation .................. 9,046,600

**TOTAL** ................................ $14,274,456
The bases for these estimates were not included. The plan was rejected by the court, as it failed to satisfy the criteria set forth in the December guidelines.

In February the Board submitted a second plan. This plan carried a price tag of $77,967,033 for implementation, plus an annual cost of $23,739,890 for operating the transportation component of the program. This plan called for the purchase of 538 buses, less than half the number projected in September. But the court again rejected the Board's plan.

Meanwhile the state defendants had submitted their own desegregation plan. It contained more detailed financial analysis, and projected the purchase of 485 buses. The total cost of the state plan was set at $15.4 million.

Faced with the unexplained cost discrepancies between Cleveland's first and second plans, and between those and the state plan, Judge Battisti on March 16 issued an order stating that the Special Master shall be afforded full access to the financial books, records, bids, quotes, contracts and documents of the State and Cleveland Boards. The Special Master shall also be afforded access to all special and recurring reports relating to the budgets of the Cleveland Board of Education and such other records as he may deem appropriate.

At about this time the NAACP, suggesting that the Board's responses to the court were contemptuous, filed a motion requesting the court to issue a show cause order against several of the Cleveland defendants. Although the Judge did not rule on the motion, he did admonish the Board's attorneys in vigorous terms. Then on April 1 Judge Battisti summoned all Cleveland Board members and the Superintendent, and addressed them about their
desegregation plans, including the transportation components, in these terms:

There is a matter about which certain defendants have dealt falsely with the public. Statements relating to the financial embarrassment of the school system, the high cost of desegregation, and the enormous tax burdens to be faced have been given currency.

The various cost estimates have been inconsistent, have not been supported by reliable data, and have borne no correlation to the estimates offered by the State defendant.

The outrageous figure of 78 million dollars as the cost of busing for desegregation would evoke laughter. However, quoting this sum in a calculated effort to delude persons unsophisticated in school finance cannot be considered a laughing matter. It appears that publishing overblown costs of desegregation must be viewed as an effort to generate fear, embarrass the Court, or perhaps as some measure of the defendant board's incompetence.

Some discussion of important issues in this case borders on reckless disregard for the truth. Some public statements concerning busing and finances can only have inflamed segments of the public and cast a shadow on the Federal Court as an institution and on the personal integrity of the person who conducts the business of the court.

The Judge concluded by warning the defendants of the possibility of contempt, and urged them to good faith performance of their legal duties.

In May the Board submitted its third desegregation plan. This one carried a price tag of $39 million for transporting 52,100 students.

The figure included $10 million for the purchase of 618 buses and $9 million for storage and maintenance facilities. The Board was more cautious than it had been in its previous submissions; it indicated that the figures might be revised downward if arrangements could be made with the Regional Transit Authority to share some of the transportation burden.
By this time, two other desegregation finance issues had come to overshadow the transportation issue. The first issue concerned facilities. Surplus space was available, as student population had declined by 40,000 in the past decade. The state's desegregation plan, submitted in January, had specified a number of schools for closing. The Court, to ensure that any closings would promote desegregation, had enjoined the defendants from closing any schools without Court approval. However in July 1977 the Board requested permission to close eight schools for economic reasons. In the opinion of the Special Master, after hearings, six of the closings "maintained segregation" and the other two "could be interpreted as promoting racial segregation." The Board's request therefore was denied. Meanwhile the Board had removed equipment from at least one of the schools; it was returned in damaged condition and in September Cleveland newspaper accounts conveyed the impression that the court's order resulted in the continued operation of at least one un-economic school with inoperative equipment.

Far more serious however, was the Cleveland Schools' overall financial situation. Some $9 million in 1977 revenues had been used to pay unpaid debts from 1976—an act of questionable legality. In addition it appeared that there would be a $12 million deficit for 1977. The total cash shortage—$20 million—threatened the system with shutdown in late October. School officials approached the state legislature, seeking permission to borrow money against 1978 revenues—a move which some people interpreted as a device to postpone the day of complete financial collapse so that it would coincide with the
implementation of a desegregation plan in the fall of 1978. Others interpreted the situation as one of financial mismanagement, and urged the state to insist that the school system get its financial affairs in order. In late October, the state legislature refused to authorize Cleveland to borrow any money against 1978 taxes. Preparation for a shutdown was made. However, the Court’s order was still in force: No schools could be closed without court approval.19 There matters stand.

The Special Master has been investigating the school system’s finances, and has expressed doubts about the school system’s actual need for cash. Judge Battisti has ordered an outside audit of the Cleveland schools’ financial operation and management, and has referred to the state attorney general an auditor’s finding that the system acted illegally in covering its 1976 deficit.20 The Special Master has issued a report questioning the defendants’ competence, e.g., “Some of the critical functions where testimony indicated a lack of necessary level of expertise include desegregation, planning and coordination, transportation, computer utilization for modern management reporting, and accounting and financial management positions.”21

Judge Battisti has accused the defendants of "squandering" money by "maintaining segregation and defending it in this court."22 According to the Plain Dealer, legal bills through July 1977 were approaching $1 million, with many more to come. Bills from the Board’s own legal firms totalled $657,000 at that time. The state co-defendants have been billed $95,000 plus another $20,000 for consultants who designed the desegregation plan submitted by the state. NAACP bills had not yet been computed; Plain Dealer reports expect them to equal or exceed those of the Board’s attorneys. In
addition the Special Master in the case, as well as two experts (and their 
staffs), have yet to submit bills. Meanwhile, no desegregation plan has 
been adopted, and the litigation goes on.

Prospects for paying for desegregation in Cleveland are difficult to 
asess. It appears that substantial cost savings will be possible through 
the closing of excess schools. State officials are considering the possibility 
of authorizing full reimbursement for the cost of purchasing buses for 
desegregation. The NAACP has pointed to the Detroit case as a precedent 
for directing state participation in the payment of desegregation costs. 
Cleveland's initial application for E.S.A.A. funds was rejected, but efforts 
to secure a waiver of certain H.R.E. requirements are being undertaken. To 
date, no comprehensive plan for financing desegregation (or the school 
system as a whole), has been developed.

Addendum

Early in November the Special Master in the Cleveland case released a 
report containing many references to the financial aspects of desegregation. 
Significant excerpts are presented below:

The district has the important obligation to develop educational 
programs that will correct, to the greatest extent possible, the 
effects of prior segregated schooling. The defendants proposals 
do not distinguish between education programs that are constitutionally 
mandated and those that, although educationally sound, are not 
directly related to remedying the evils of segregation.

The court should avoid ordering defendants to engage in specific 
programs when the effect of such orders might be to jeopardize 
securing government funding for those programs.

It appears that the proposals (for certain magnet schools) were 
not based on serious or careful planning, nor designed to mesh 
with other components of the plan, such as those dealing more 
directly with desegregation, for example, the components concerned 
with pupil assignment, school closings, transportation, and finance.
While the Special Master recognizes that the remedy of the effect of violations of Constitutional rights of an individual or class of individuals cannot be foregone or submerged by the perpetrators' financial condition, he also recognizes that the practicalities and realities dictate that the remedy must recognize and address financial difficulties to assure the availability of resources to finance the remedial desegregation plan.

During the course of the Proceedings before the Special Master, it also came to light that there may be potential for considerable cost savings generated within the district.

The remedy for the cumulative effects of the segregative acts or omissions of the State School Board should include sharing jointly and severally the cost of implementation of the desegregation plan. These costs should be shared by the State School Board as they are incurred and not on a reimbursement basis in order that the Cleveland Board of Education defendant is not initially unduly burdened with the cost of implementation of a desegregation remedy.

The Cleveland Board of Education's Plan...estimated that approximately 50,300 children would be transported when all phases of the Plan were implemented. While the Special Master is of the opinion that this number overstated by a substantial amount (maybe as much as 50%), it does serve to illustrate that there will be a marked increase in transportation needs.

The proceedings before the Master are replete with evidence that a serious cost study was not undertaken to determine the most economically feasible means of transporting students from among a number of alternatives.
Notes: Cleveland

1 Reed v. Rhodes, 422 F. Supp. 708.
2 Cleveland Plain Dealer, September 18, 1976.
3 Reed v. Rhodes, Order on Motion for Stay, September 20, 1976.
6 Cleveland Plain Dealer, October 16, 1976.
7 Cleveland Public Schools, "Fact Sheet" (accompanying letter from Superintendent Briggs to attorney Charles Clarke, October 14, 1976).
8 Cleveland Plain Dealer, October 16, 1976.
14 "Proceedings Had Before the Honorable Frank J. Battisti...March 17, 1977" (transcript), pp. 43 ff.
18 Cleveland Plain Dealer, September 26, 1977.
19 Last week of October, 1977.
20 Cleveland ?, October 22, 1977.*
22 Cleveland ?, October 20, 1977.*
23 Cleveland Plain Dealer, September 26, 1977.
Notes: Cleveland (continued)


25 Ibid., p. 131.

26 Ibid., pp. 137-38.

27 Ibid., p. 145.

28 Ibid., p. 148.

29 Ibid., p. 150.

30 Ibid., p. 167.

31 Ibid., p. 168.

*Incomplete information on source due to error in copying.
The Columbus public school system encompasses an urban core area as well as many newer residential areas annexed by the district. Enrollment in 1977 is about 96,500 students, down from 110,700 in 1968. Minority enrollment—mostly black—is 33%, compared to 26% in 1968.

Desegregation became a dominant issue in 1973. That year the Board of Education adopted a "Columbus Plan" featuring voluntary transfers and a variety of alternative schools and specialty programs. By 1976-77, 5200 students were participating in the Columbus Plan. The plan had several desegregative effects, but the school system remained substantially segregated.

A second key event in 1973 was the initiation of litigation by plaintiffs who sought to assure that an $89.5 million school construction program would be used affirmatively to promote integration. Later the NAACP joined the suit as intervening plaintiff, and Ohio state officials became co-defendants.

The hearings began in April 1976. On March 8, 1977, District Judge Duncan ruled in favor of the plaintiffs. The court ordered the Columbus and state

In Columbus discussions were held with the following individuals:

- Damon Asbury, Director of Research, CPS
- Beverly Bowen, Director of Public Information, CPS
- Robert Bowers, Ohio State Department of Education
- Lila Carol, Coalition of Religious Congregations
- Hanford Combs, School Transportation Systems, Inc.
- Luvern Cunningham, Special Master in the Columbus case
- Gordon Hoffman, Ohio School Boards Association
- Jeff Pottinger, Director of Finance, CPS
- Katherine Scott, member of plaintiff organization
- Calvin Smith, Transportation Director, CPS
- William Wayson, CPS School Board Candidate and OSU faculty member
defendants to submit desegregation plans within 90 days. In his Opinion, Judge Duncan acknowledged the social costs which can be associated with the implementation of a remedy. Depending upon the school system involved, these social costs can include substantial expenditures of public funds. While the plaintiffs must, and will, receive vindication for the deprivation of their constitutional rights, the social costs should not be forgotten in the formulation of a remedy.

In June the Columbus Board submitted a plan for desegregation. The proposal incorporated and expanded the existing Columbus Plan, stressing voluntary transfers (with transportation provided). In addition, 30 schools were to be closed, and nearly 40,000 students were to be involuntarily assigned to new locations. The proposal indicated that 423 new 65-passenger buses would be required to implement the plan. The Board's proposal included some rough cost projections for each component of the three-phase plan. (Phase I involved elementary students; Phase II involved junior high students; and Phase III involved high school students.) The plan also distinguished between items already budgeted (Columbus Plan), items to be reimbursed through state aid, and items which would add to the local tax burden. A financial summary was presented as follows:
Columbus Desegregation Plan (6/77)

<table>
<thead>
<tr>
<th>Component</th>
<th>Phase I Cost</th>
<th>Phase II Cost</th>
<th>Phase III Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>$10,490,835</td>
<td>$4,267,506</td>
<td>$347,703</td>
</tr>
<tr>
<td>Educational Programs</td>
<td>5,527,693</td>
<td>6,492,124</td>
<td>2,698,340</td>
</tr>
<tr>
<td>Staff Development</td>
<td>772,742</td>
<td>505,360</td>
<td>505,360</td>
</tr>
<tr>
<td>Community Services</td>
<td>324,189</td>
<td>487,567</td>
<td>487,567</td>
</tr>
<tr>
<td>Gross</td>
<td>$17,623,767</td>
<td>$11,772,557</td>
<td>$4,038,970</td>
</tr>
<tr>
<td>Existing Budget</td>
<td>2,423,238</td>
<td>2,666,980</td>
<td>1,627,772</td>
</tr>
<tr>
<td>Net New</td>
<td>15,200,529</td>
<td>9,105,577</td>
<td>2,411,248</td>
</tr>
<tr>
<td>State Aid</td>
<td>2,487,620</td>
<td>813,212</td>
<td>402,458</td>
</tr>
<tr>
<td>Net/Local New Costs</td>
<td>$12,712,909</td>
<td>$8,292,365</td>
<td>$2,008,790</td>
</tr>
</tbody>
</table>

The key item, for the Board, was the $23 million increase in local costs. (This is the sum of the bottom line—net local new costs—for all three phases.) At the time the plan was submitted, the Board asked the court to order the state of Ohio to assume the costs of desegregation. At the same time Superintendent Davis was quoted as saying "Frankly, I don't know where we will get all the money. We already have a projected $3.6 million deficit this year." This theme also was stressed in the Board's proposal to the court; the financial plight of the Columbus schools was described in detail.

The defendant state officials also submitted a desegregation plan in June. It gave little attention to educational program components such as those so prominently featured in the Columbus Board's plan. Instead attention
was limited to faculty and student re-assignment, and to transportation.
The state plan calculated that an additional 37,000 students would need to be transported, and that such transportation would require purchase of 321 new 65-passenger buses (the Columbus Board had projected a need for 423 new buses). In displaying costs, the state distinguished between non-recurring costs (principally for vehicle acquisition) and annual operating costs. The latter figure was projected at $8.3 million annually—more than $200 per student. Of this amount $5.9 million was for the costs of bus drivers, computed at approximately $13,000 per driver. An additional $2.8 million was for bus monitors, at $6,360 per monitor. The state’s calculations assumed a load factor of 119 students per bus for 65-passenger buses.

Doubts about the cost data immediately surfaced. "Up Front: Desegregation News and Perspectives"—a newsletter published by a citizens' group concerned with facilitating accurate information on the progress of desegregation in Columbus—warned that:

The dollar costs and numbers of students to be transported in the (Columbus and State) plans cannot be compared since each plan used different cost categories and was predicated on different assumptions of who will be bused. To date, neither plan is based on studies and recommendations of transportation experts.

"Up Front" further noted that the Board's plan allocates as desegregation costs programs which ordinarily are the constitutional and education responsibility of the school board.... The savings through vacated facilities are not translated into dollar amounts.

Shortly after the Columbus and State plans were submitted, the U.S. Supreme Court announced its Dayton decision, suggesting that court-ordered remedies needed to be restricted in scope to the remediation of the
constitutional violations which had been found. The Columbus school board majority thereupon submitted a drastically scaled-down desegregation plan affecting only the schools named in Judge Duncan's order. In this plan, only 4000 students would be involuntarily bused, and only 30 additional buses would be required. The Board minority prepared still another plan; this one proposed transporting nearly as many students as the initial Board plan, but at a cost of only $2.8 million.

On July 29 Judge Duncan rejected all the plans. The original Board plan was defective because it left too many predominantly-white schools. In addition the Judge took exception to the heavy emphasis upon the Columbus Plan elements of the proposal:

...Since the evidence in this case does not show that these programs will operate to desegregate the Columbus Public Schools, or that they are necessary for the success of a remedy plan, I do not believe that they are necessary elements of a Court-ordered remedy....Such matters should be reserved for consideration by the local board of education. That board has determined that these programs are desirable, and the Court will neither interfere nor argue with that judgment. Although the expansion of such plans must be assigned a lower priority than the implementation of the court-ordered remedy plan, these programs may...be continued if financially feasible.

The Court then set forth guidelines for the development of a new plan. Phase I was to concern community and student and faculty orientation, curriculum development, and a reading program; it was to be submitted to the court by mid-August so that implementation could begin in September, 1977. Phase II, to be submitted by September, was to provide for elementary student re-assignment and transportation in January 1978, and secondary student reassignment and transportation in September 1978. The Phase II submission was to include transportation cost data.
In August the Columbus Board submitted its Phase I plan. Total costs were estimated at $3.2 million for a developmental reading program. Other components included Community Orientation and Information Services ($142,000), Pupil Orientation ($38,000), Multi-Cultural Curriculum Development ($58,000), and Staff Orientation ($104,000). The Board again stressed its financial plight, and noted that full implementation of the Phase I plan was contingent upon the availability of additional funding. The program was approved by the court, and currently is being implemented.

In preparing its Phase II plan, the Columbus Board relied heavily upon information supplied by a private transportation engineering firm, Simpson and Curtin. Simpson and Curtin projected a need to purchase 200 new buses to transport 38,000 additional students. (The original Board plan had called for 423 new buses, and the state plan had projected a need for 321 buses.) Annual operating costs were projected at $2.3 million or $63 per student, in the Simpson and Curtin report.

The Phase II plan included some detailed cost projections which incorporated both the Phase I and the Phase II cost components. The key figure was $6.7 million—a projection of the Phase I and Phase II costs through July 1979, assuming that pupil reassignment and transportation did not begin until September 1978. If Phase II was to be implemented in January 1978, the key figure was $25 million. On the day the plan was submitted to the court, the Director of Public Information issued a new release stating that "without additional funds, the desegregation costs combined with currently estimated deficits would force schools to close as early as September 22, 1978."
In late September the Special Master held hearings on the Phase II plans. At the hearings it was disclosed that the Board's figures contained an error: the $25 million figure was $6 million too high, and the $16.7 million figure was $4.3 million too high. The error stemmed from counting bus drivers' wages twice. In the documents which corrected these errors further changes were made. Several Phase I cost projections were substantially increased, without explanation. Disregarding the Simpson and Curtin figures, the Board now projected that operating costs for transportation in 1978-79 would be $5.1 million, or $140 per pupil. This figure included 40 "pupil personnel specialists" at $21,267 each.

A feature of the Phase II plan was its stress upon school closings. Twenty elementary schools, one junior high, and one senior high were to be closed. Eleven other schools were to be converted to alternate uses. Information about the savings stemming from the school closings was not presented to the court. However, Columbus school officials stated that they estimate annual savings of $75,000 per elementary school, $150,000 for a junior high school, and $225,000 for a senior high. Thus the projected savings, from school closings, would amount to $1,875,000 annually.

On October 4, Judge Duncan issued a new order. He expressed "doubts" about the Board's claims about the difficulties and costs of implementing elementary student transportation in January 1978, and stated that the Board's submission of information about transportation equipment was "shallow, conclusory, and only marginally responsive to the Court's (July 29) order."
However the Judge deferred to the Board's preference for delaying implementation of Phase II until September 1978.

As he had done previously, Judge Duncan continued to take issue with the types of costs which the Board attributed to desegregation. In his October 4 order he noted that the expenses of desegregation are substantial enough without including budget items which arguably have no direct relationship to the desegregation process. Budget items designed to address needs which existed before the March 8, 1977, finding of liability cannot in fairness be attributed to the remedy phase of this litigation. The community should not be misled about the costs of desegregation. (emphasis added)

As an example, the Judge cited a $769,960 item for "pupil personnel specialists."

The Judge ordered the Board to "re-examine and update the anticipated budget for all phases of the plan" and submit the revised budget to the court on November 9.17

A campaign to secure voter approval for a school tax increase was underway at the time Columbus was visited. In notable contrast to the Board's emphasis (in its communications to the court) about the high costs of desegregation, desegregation costs were being down-played in the tax campaign. According to Superintendent Davis, only 1.65 mills of the 8.70 mill levy increase was earmarked for desegregation. Moreover, according to the Superintendent, the multi-million dollar "error" discovered at the September hearings meant that the school district needed to seek only 1 million yearly in outside desegregation funding assistance, rather than the previously projected 3 million in outside desegregation assistance money.18 No explanation for these figures was presented. At the November 8 election the tax levy was defeated by a narrow margin.
On November 9 the Board of Education presented the desegregation budget which the court had requested. The Board document included a "Summary" which is reproduced below:

<table>
<thead>
<tr>
<th>Item</th>
<th>1977-78 costs (10 months)</th>
<th>1978-79 costs (12 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>total</td>
<td>out of pocket</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus purchases and operation</td>
<td>$1,124,661</td>
<td>$1,124,661</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$1,124,661</td>
<td>$1,124,661</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pupil Reassignment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus Operation</td>
<td>$4,256,016</td>
<td>$4,250,006</td>
</tr>
<tr>
<td>Bus Maintenance</td>
<td>$1,544,829</td>
<td>$1,527,672</td>
</tr>
<tr>
<td>Data Processing</td>
<td>52,012</td>
<td>52,012</td>
</tr>
<tr>
<td>Administration (including Pupil Assistance Personnel)</td>
<td>275,094</td>
<td>154,172</td>
</tr>
<tr>
<td>Pupil Information, Staff Orientation, Multicultural Update</td>
<td>524,284</td>
<td>355,042</td>
</tr>
<tr>
<td>Community Orientation and Information Services</td>
<td>97,860</td>
<td>97,860</td>
</tr>
<tr>
<td>Reading Development</td>
<td>1,529,845</td>
<td>267,748</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$8,279,960</td>
<td>$6,704,312</td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Closings</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Total Savings</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Total Net Expense</td>
<td>$8,279,941</td>
<td>$6,704,312</td>
</tr>
<tr>
<td>Total Net Cost (Total Revenue less Total Net Expense)</td>
<td>$7,155,279</td>
<td>$5,579,651</td>
</tr>
</tbody>
</table>
Supplementing the "Summary" were several pages of text and figures which provided more detailed information about the bases of the Board's cost estimates.

Several features of the Board's budget warrant comment. One is the attention given to "total net cost". In contrast to some other cities, the Columbus budget acknowledges that some of the costs of desegregation are offset by revenues (state transportation aid) and by savings (school closings). A second interesting feature is the distinction between "total" and "out of pocket" items. According to the Board's document, "total cost represents the total of personnel and material costs attributable to the remedy plan." Out of pocket costs represent "those costs attributable to the remedy plan which are in addition to current expenditure levels and for the most part represent new employees and higher material expenditure levels." Evidently then, the Board's plan presents a local tax burden of $5.6 million in 1977-78 and $2.7 million in 1978-79 (when the plan is fully operational). This local tax burden will be substantially reduced in the event that the state defendants are ordered to pay a larger portion of the transportation costs (bus purchase in 1977-78, and bus operation in 1978-79). Additional state or federal funding could further offset costs of desegregation components such as reading development and administration. However the availability of such outside resources is by no means assured.
Notes: Columbus

1 Historical information and Judge Duncan's finding of liability are found in Penick et al. v. Columbus Board of Education, et. al. (429 F. Supp 229).


3 Columbus Citizen Journal, June 8, 1977.


6 Ohio State Lantern, July 17, 1977.


8 Ibid.


12 Director of Public Information Columbus Public Schools, "Release #123," August 20, 1977.


14 Interview.

15 "The Desegregation Budget, Revised (September 26, 1977)."

16 Interview.


18 Columbus Dispatch, September 9*, 1977.

19 Columbus Public Schools, "Remedy Plan Budget", November 9, 1977.

* Date illegible on source material.
Dayton

Dayton, Ohio, has achieved national praise for its smooth and peaceful implementation of a court-ordered school desegregation plan which required massive transportation of students. The plan, first implemented in September 1976, was designed to produce racial balance in every school. Of the 40,000 students enrolled in 1976-77 (52% minority), approximately 11,000 were transported as a result of the court order. (Enrollment has declined from 59,000 in 1968, when the minority population was 38% of the total.)

In view of the Supreme Court's June 1977 decision ordering a review of the desegregation plan in Dayton, and the imminent announcement of the results of that review (hearings were held early in November), it may be useful to summarize desegregation efforts in Dayton. In 1969 an Office of Civil Rights (HEW) compliance review showed noncompliance with Civil Rights Act standards concerning faculty and student assignment in Dayton. In June 1971 the Ohio State Department of Education recommended that the Dayton Schools take steps to eliminate vestiges of state imposed segregation. The Board then appointed a citizens committee to make recommendations for the reduction of racial isolation. In December 1971 the Board adopted a series of recommendations acknowledging the existence of segregation in the district and directing implementation of a desegregation plan.

In Dayton discussions were held with the following individuals:
Richard Austin, Attorney for plaintiffs
Ashley Farmer, Security Director, DPS
Norman Feuer, Assistant Superintendent for Instruction, DPS
Ken Hall, Director of Transportation, DPS
William Harrison, Assistant Superintendent for Administrative Services, DPS
Donald Dilgies, Research Department, DPS
Robert Weinman, Assistant Superintendent for Mgt. Services, DPS
H. M. Wilson, Jr., Clerk-Treasurer, DPS
plan by September 1972. In addition a team of consultants was employed to prepare a desegregation plan. However these December actions were taken by a lame duck board; its pro-integration majority was about to be replaced by newly-elected members who promptly rescinded the prior board's December actions. In April 1972 a suit was filed against the Board, and in February 1973 District Judge Rubin held that the Dayton Schools had violated the Equal Protection clause. Soon thereafter separate remedial plans were filed by the Board majority and the Board minority. Judge Rubin eventually accepted a plan featuring open enrollment, faculty desegregation, magnet schools, and specialty schools which enrolled students on a part-time basis. On appeal however, the Sixth Circuit Court of Appeals declared that a more extensive remedy was required to overcome the effects of past segregation. The case went back and forth between Judge Rubin and the Circuit Court for a time. An order requiring system-wide racial balance and substantial busing was issued in March 1976, for implementation in September. While all of these proceedings were underway, the district had implemented the magnet school concept, had established specialty schools (science centers), and had desegregated the faculty and staff. (At one point the Board also had submitted a proposed plan calling for the creation of three 1,000-student elementary school parks which would serve all of the district's elementary school children.) However the plan finally adopted by the court was based on one prepared by John Finger; the plan emphasized pairings and clusterings which required cross-district busing. In addition, portions of the magnet school program were to be retained. The Board determined that the plan would be implemented, and with the staff worked hard to assure successful and peaceful
implementation in September 1976 and again in September 1977. Meanwhile however, the Board's appeal had been heard by the Supreme Court, which sent the case back for review, as noted above.

In the summer of 1976 a citizens' committee was formed to look at the costs of desegregation in Dayton. Evidently the formation of the committee was prompted by several considerations: the prospect of a budget deficit in 1977, a quest for federal funds for desegregation assistance, and a desire to force the State of Ohio (a co-defendant in the Dayton case) to assume some of the costs of desegregation. The committee gathered data from 1973, when the magnet school and alternative centers programs were adopted, through the end of 1977 (projected costs), when the court-ordered pairings program would have been instituted and operated for a year and a half. (School budgeting in Ohio is done on a calendar year basis, rather than an academic year basis.) An initial report of the committee was released in August 1976. The report showed a 1973-77 total desegregation cost of $12 million, including $9 million already spent and a projected $3 million for the period September 1976 through December 1977—the period of court-ordered system-wide desegregation. In commenting on the report, Superintendent Maxwell noted that a fiscal pinch was anticipated in 1977, but that "if we didn't have desegregation, we could sweat through it probably." He further noted that "There's no city school district in the United States under desegregation that has passed a school levy that I know of." The citizens' committee report was formally released by the Board of Education in November 1976. A revised version, based on actual cost experience in 1976 plus modified estimates for 1977 costs, was released in
April; the April report revised total 1973-77 desegregation costs downward to $11.3 million. The report provides one of the best available accounts of desegregation finances, and is discussed in some detail below.

By far the largest portion of the cost which Dayton attributes to desegregation is for educational programs. The total cost of magnet schools and alternative centers for the period 1973-77 is $8 million. The annual costs of these programs are listed as follows:

- 1973: $1.1 million
- 1974: $1.1 million
- 1975: $2.2 million
- 1976: $2.0 million
- 1977: $1.6 million

The reductions in the educational component, shown for 1976 and 1977, stem primarily from the discontinuance of a "science centers" program in which students were bused to special science schools for their integrated learning experience—a program rendered unnecessary by the court-ordered plan in 1976-77.

The $8 million cost of the educational components was met in part through the regular school budget (state and local funds) and in part through federal assistance. According to the financial report, Dayton received $2.1 million in ESAA funds through August 1976. An additional ESAA grant amounted to $2.0 million in 1976-77. ESAA funding for 1977-78 had not been settled by October. However, even without firm figures for 1977-78, it appears that federal dollars have supported somewhat more than half of the educational program component costs which are ascribed to desegregation by Dayton officials.

The next largest sum ascribed to desegregation during the period 1973-77 is for transportation. The transportation costs allocated to the magnet
schools and alternative centers, 1973-77, are $1.2 million in local costs plus $0.8 million in state aid. Transportation costs for the pairing program, September 1976 through December 1977, are shown at $1.2 million local and $0.8 million in state reimbursement. On an annual basis, the transportation costs of the magnet and alternative programs in 1975 was $536,000, including $170,000 in state aid (local cost: $366,000); in 1977 the transportation costs for the magnet and alternative programs dropped to $372,000, including $160,000 in state aid (local cost: $212,000). However in 1977 the court-ordered pairing program was in effect, with an estimated transportation cost of $1.4 million, including $600,000 in state aid (local cost: $800,000).

School officials claim that 11,000 students were transported in 1976-77 under the pairing program. Thus, per pupil costs for transportation under the pairing program were approximately $127 per pupil—$73 local and $54 state. The Dayton data do not show exactly what transportation costs are included within this figure. However, since the bulk of the transportation was provided under a contract system, it is safe to assume that the $127 per pupil figure includes costs of operation plus the costs of capital equipment (buses, storage and maintenance facilities, etc.), and, of course, a profit for the contractor. (The Transportation Director anticipates a reduced cost per pupil in 1977-8 because (a) the Dayton Schools now operate their own bus fleet, and (b) staggered starting times in the elementary schools will increase the load factor on buses.)

Dayton uses a "mixed mode" pupil transportation system. Several thousand students are transported by the Regional Transit Authority, using a bus pass system which cost $76 per student in 1976-77. The largest portion of students,
as noted above, were transported under a contract system with a private corporation at a cost of $67.50 per bus per day (5 hours). In addition, the Board of Education operates a small fleet of its own buses. Other modes include a parent contract system whereby parents are reimbursed for transporting children to school, plus limited use of a taxi system. In 1976-77 the costs of these services were:

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted Service</td>
<td>$1,568,569</td>
</tr>
<tr>
<td>Regional Transit Authority</td>
<td>496,480</td>
</tr>
<tr>
<td>Board-owned</td>
<td>262,213</td>
</tr>
<tr>
<td>Parent contract</td>
<td>53,885</td>
</tr>
<tr>
<td>Taxi</td>
<td>21,374</td>
</tr>
</tbody>
</table>

In addition to the costs which the Dayton report attributed to the educational component and transportation for desegregation, several other costs of desegregation are identified. Costs related to litigation total $256,000, excluding a yet-to-be-negotiated bill for $500,000 for plaintiffs' legal costs. A "human relations and communications" component is priced at $300,000. Security is listed as a $224,000 item.

Although the figures included in the district's report on desegregation costs appear to be genuine, they are not undisputed. Even the people who prepared the figures have encountered difficulties in deciding what costs are properly charged to desegregation, and in identifying the proper numbers to attach to each approved cost category. There are differences in both categories and amounts as reported in August 1976, November 1976, and April 1977. However these discrepancies are minor compared to those which

* If this figure is correct, as it appears to be ($67.50 per bus x 167 days x 148 buses produces a figure close to the reported price for the 1976-77 bus contract), and if the $127 per pupil cost figure is correct, then the load factor in Dayton was 90-95 students per bus.
some individuals allege. Thus, for example, individuals who adhere to the notion that desegregation costs should not include the costs of program improvements such as magnet schools, reject more than 75% of the "bill" attributed to desegregation. School staff members also acknowledged that some of the educational component items are for costs that would be incurred anyway; and that the effort to seek state or federal reimbursement for desegregation costs encourages broad definitions of what those costs are.

One school official expressed concern about the wisdom of displaying the costs in such a way as to create the impression that desegregation "has cost $12 million." (It will be recalled that Cleveland Superintendent Briggs conveyed to the courts the impression that transportation in Dayton cost $12 million annually—a claim without foundation. The fact that the costs are spread over five years has been lost on some.)

The Dayton Schools, like virtually every other major city school district in Ohio, are in considerable financial distress. A tax levy campaign, designed to forestall a school system closing late in 1978, was underway at the time of my visit to Dayton. School officials were trying to downplay the impression that they earlier had created, to the effect that desegregation was a financial burden, and was contributing to the system's financial distress. All the available evidence indicates that the distress stems in large part from factors not related to desegregation costs. For whatever reason, Dayton voters on November 8 rejected the proposal to increase the local school tax rate.

Despite this rebuff, Dayton officials are continuing their efforts to force the state of Ohio, a co-defendant in the case, to absorb a share of the city's desegregation costs. As this is written, the legislature and the State Board of Education are considering the matter, as it involves not
only Dayton but also the several other Ohio cities caught up in desegregation. In addition, Dayton officials are making pilgrimages to Washington to persuade federal officials to pick up a larger share of the costs of desegregation. The outcome of these efforts remains in doubt.

However, Dayton has received substantial assistance under the ESAA programs. It has received staff training funded through the General Assistance Center located at nearby Wright State University. There have been large corporate contributions which have been helpful in community relations and Monitoring Commission activities. Recently the State Board of Education has indicated receptivity toward underwriting the costs of buses purchased for purposes of desegregation.

Currently, Dayton school officials are awaiting the results of hearings ordered by the Supreme Court. The outcome of those hearings, which concern the extent of desegregation which the courts can require, undoubtedly will affect future desegregation financing in Dayton.
Notes: Dayton

1 Background is summarized in Brinlman v. Gilligan, 503 F.2d 684.
2 Ibid.
3 Ibid.
7 Interview
8 Interview
9 Fact Sheet (Transportation Costs)
Fall 1976 enrollment in the Milwaukee Public Schools was 109,500—down from 130,000 in 1968. In the same period the proportion of minority enrollment grew from 27% to approximately 40%. A desegregation suit was initiated in the mid-1960s. In January 1976 Federal District Judge Reynolds ruled that the Board of Education had unlawfully maintained segregation within the Milwaukee schools. A Special Master was appointed to supervise the development and implementation of a remedy. District efforts to devise a desegregation plan lagged during the Spring of 1976; in June the court ordered the defendants to accelerate their efforts so that a remedy could be initiated in September 1976 and completed by September 1978.

Subsequently a three-phase plan was submitted to the court. The first phase relied heavily upon magnet schools, specialty programs, and voluntary transfers of students. This phase was approved by the court, but approval of subsequent phases was withheld pending submission of more detailed information. Late in 1976 the Board submitted a plan for Phases II and III, but the court found the plan deficient. An alternate plan, devised by the Special Master, was adopted with modifications. This plan incorporated a sophisticated planning base for a new student assignment system and required that in addition to the 1/3 of the schools desegregated in 1976–77 under voluntary programs, an additional 1/3 must be desegregated in September 1977, and the remainder by September 1978.

Information about desegregation in Milwaukee was provided by the Milwaukee Urban Observatory, a division of the Urban Outreach program of the University of Wisconsin, Milwaukee.
Limited information about the costs of the 1976-77 desegregation plan was obtained. Based primarily upon newspaper accounts, we were able to develop partial descriptions of three aspects of desegregation costs in Milwaukee: transportation, litigation, and revenue. In the following sections these are examined separately.

Transportation

Before the court-ordered plan went into effect in September 1976, Milwaukee transported approximately 20,000 students. Most used the public transit system. The desegregation plan for 1976-77 added about 6600 students to that total. Of these, approximately 4000 attended specialty secondary schools, and were provided bus passes for use on the public transit system. The cost was 50¢ per day per student, or $90 per year per student (assuming 180 days of school), or $360,000. In addition, several special transportation contracts were let. One of these systems, designed to serve three city-wide elementary specialty schools, was reported to have an estimated cost of about $1000 per day for 20 buses (number of students: unknown), or $180,000 for the year. Another system, involving 12 other elementary specialty schools, involved 42 vehicles for $1404 per day, or $263,000 for the year. The third large contract, serving voluntary transfer students, involved 73 vehicles costing $2109 per day, or $390,000. These three systems can be compared in terms of cost per day per bus ($50, $33, and $29 respectively) or cost per year per bus ($9000, $5940, and $5220 respectively). The variations probably reflect differing characteristics of the routes involved. (Load factors are unknown, so we cannot estimate cost per pupil.)
The lowest figure turned out to be not viable. The contractor, whose bid of $144 per day per route had underbid other potential contractors (who bid $190, $240, and $311 per day for the same service) did not provide acceptable service, and much of it had to be transferred to other contractors at nearly twice the original cost.

Litigation Costs

By mid-1977 litigation bills exceeded $1 million in the Milwaukee desegregation case. These costs reportedly were distributed as follows:

1. The Board retains a private firm, Quarles and Brady, to handle its legal defense in the desegregation case. The principal attorney in the case bills the Board $65 per hour for his own time and $35 per hour for the time of junior members of the firm. Evidently these fees include overhead, but other direct costs are added to the hourly costs. The billings vary in amount from month to month and year to year. From May 1968 through May 1976 billings to the Board from Quarles and Brady totalled $216,000. Of this, $40,000 was for the first four months of 1976. The high legal costs continued through 1976; by the end of November the cumulative billing had climbed to $312,542—a six month increase of $96,000. By June 1977 the total had risen to $393,148—a six month increase of more than $81,000.

2. In January 1976 Judge Reynolds appointed a Special Master in the case, to be paid by the Board of Education at a rate of $50 per hour plus expenses. By the end of September Board payments to the Special Master amounted to $50,339, including $33,325 for his time, plus additional payments for travel (he commutes from Texas), living expenses, and staff expenses. (An issue has been whether the Special Master should have his own staff, or whether he must depend upon Board of Education employees for staff work.)
3. In January 1976, Judge Reynolds appointed attorney Irvin Charne to represent children not specifically named in the desegregation suit. Charne's bills, which must be approved by the Judge, are pegged at $55 per hour for Charne and $45 per hour for his associates. By the end of 1976 Charne's bills totalled $78,302. By August 1977 the amount had climbed to $134,245.10.

4. Attorney Lloyd Barbee, who has represented plaintiffs since the inception of the Milwaukee litigation in 1965, submitted bills amounting to $698,177 through April 1977. His rate is $50 per hour. Barbee's bill has been challenged by the Board; the disposition of the challenge is not known.11

Judge Reynolds has ruled that the defendant Board must pay attorney fees to the Special Master and plaintiffs' attorneys Barbee and Charne. With the case currently under review by the District Court, following the Supreme Court ruling of June 1977, it seems likely that litigation costs will continue to mount. In the words of the Sentinel, "As Milwaukeeans are learning, one of the highest tangible costs of segregation can be the legal fees."12

Revenues for Desegregation

Perhaps the most striking feature of Milwaukee's desegregation program is that its costs appear to be fully covered by outside revenues. The Journal quotes Assistant Superintendent John Peper as follows: "Desegregation is not causing any increase in the local property tax rate—absolutely none."13 Milwaukee's 1976-77 desegregation plan was financed from three revenue sources:

1. In 1976 the Wisconsin legislature adopted a bill (popularly known as "Chapter 220") providing major desegregation incentives. The bill provides that each student who transfers for desegregation is counted as 1.2 pupils for state aid purposes. In addition the state reimburses the full transportation costs of students who transfer for desegregation. In the case of
students who transfer from one district to another, the sending district still counts the students for state aid purposes and the receiving district is paid the full costs of education for the received student. The effect of all this, according to the *Journal*, was "so lucrative that it allowed Milwaukee officials to establish all their specialty schools and other incentives to induce voluntary desegregation without charging local taxpayers anything for them." Initial 1976-77 estimates indicated that Milwaukee would receive a $4 million increase in state aid from the transfer incentive plus full reimbursement for associated transportation costs.

2. In addition to state aid Milwaukee has received major federal assistance. In June 1976 Milwaukee received a $74,000 grant for desegregation planning under the provisions of the Civil Rights Act of 1964. An additional $124,000 was received under this Act in 1977. However the bulk of Milwaukee's federal desegregation assistance came from ESAA funds. During August 1976, when the district's ESAA proposal first was drafted, it was estimated that the request for funding would total $7-10 million. However the request later was raised to $13.5 million "by including nearly all expenses even remotely connected with the city's desegregation plans... except legal fees and court related costs." After this application was rejected by HEW, a revised request for $5.5 million was submitted. Further negotiations ensued and the final grant, announced in late September 1976, was for $3.4 million, slated for use principally in financing remedial reading, mathematics, and human relations projects. In late May 1977 it was reported that nearly $1 million of the ESAA grant had not been spent, and would have to be returned—a result attributed to late receipt of the funds, a teacher strike and Board disputes which had delayed the employment of a large number of teacher aides.
3. In addition to public sources, the Milwaukee schools received at least one gift from a foundation interested in supporting desegregation.22

Despite the fact that desegregation costs appear to have been fully reimbursed by state and federal funds, the local press frequently conveyed the impression that desegregation was costing local tax dollars, as indicated in the following excerpts from the local press:

[Following announcement of a cut in the district's ESEA application] Unless the School Board is successful in obtaining additional federal desegregation funds, Milwaukee residents will face large tax increases to pay for future desegregation plans.23

[In connection with a discussion about budget cuts for 1977] Although the desegregation plan for 1977 is not done and its costs cannot be determined, school officials said it would be reasonable to expect that the cost would be about the same as the first phase cost of $2.8 million or an additional tax rate of 46 cents per $1000 of assessed valuation.24

Eventually a $226 million budget was adopted, including $3 million for desegregation, i.e., 1.4% of the total.25

Contrasting with such items were others in which the press conveyed different impressions about the local costs of desegregation:

Local property taxpayers do not foot the bill for school desegregation; state and federal taxpayers do. Nevertheless, the economics of school desegregation have crept into political rhetoric as candidates prepare for the School Board election April 5. To Busalacchi and other incumbents favoring continued appeal of the original desegregation order, the waste refers to increased busing costs. To Perry and members of the School Board minority who want to drop all appeals and get on with racially balancing the schools, the waste applies to legal fees for the appeals. Neither issue has anything appreciable to do with property taxes.26

The main factors in the increase include the $15 million for school salaries, $3 to $4 million for expansion of programs for handicapped children, and close to...
$8 million for desegregation. The increased costs for desegregation and education of the handicapped would be paid by the state and federal government. The expenditures would have some effect on the state and federal tax rate, of course, but not on the local tax rate.

While some of the confusion reflected in press accounts undoubtedly was due to carelessness or political considerations, much of it seems to have reflected the school system's inability to engage in financial planning. As late as August, 1976, local school officials did not know how much money would be forthcoming under the newly adopted Chapter 220 statute. And, as noted previously, the ESAA grant was not finalized until after the Phase I plan was in operation. In addition, during the planning period Judge Reynolds and the city counselor made opposing assertions concerning the district's entitlement to use of several million dollars in unexpended funds from 1975. Such conditions must have hampered district financial planning efforts.
Notes: Milwaukee

1 Amos v. Board of School Directors of Milwaukee, 408 F. Supp. 765.
5 Milwaukee Journal, August 17, 1976.
6 Ibid.
7 Milwaukee Sentinel, September 24, 1976.
12 Milwaukee Sentinel, June 14, 1976.
19 Ibid.
22 Milwaukee Sentinel, July 31, 1976.
III. SUMMARY AND RESEARCH AGENDA

The following paragraphs summarize the tentative conclusions drawn from the case studies and outline some directions for further research.

1. During the design-of-remedy phase of desegregation litigation, cost information is used politically, i.e. it is used as a device to influence policymakers and policy outcomes. Policymakers include the litigants themselves, the court, the general public, legislators, civic officials, interest groups, and civic elites. Policy outcomes include the scope of a desegregation plan, the timing of its implementation, the substance of its internal elements, and its relationships to current programs. Politicalization fosters distortions of cost information; these distortions lead to confusion and dispute. Subsequent research should examine questions such as the following:

- On the defendants' side, who controls the cost projection process? Board members? Attorneys? School officials? Outside consultants? When there is conflict among them, who prevails? Why? Similar questions can be asked on the plaintiffs' side. Generally these questions fall within the framework of existing theories which relate information control to the decision-making behavior of interest groups.

- What techniques are used to politicize cost data? Is information withheld? Distorted? Invented? Displayed in incomprehensible fashion? What is the role of the press in the politicalization of cost information? Such questions fall within the general purview of influence theories and theories about public opinion formation.

- How is the politicalization process limited and controlled, insofar as it pertains to desegregation cost data? What part is played by proceedings in open court? What is the role of Special Masters? What is the impact...
of a tax levy campaign? What is the effect of having the state as a co-defendant? These questions, like the preceding set, can be illuminated by casting them in the context of influence theory and opinion formation theories.

In ordering remedies, how do the courts interpret and act upon the "practicality" of cost? In what ways are remedies structured around cost considerations? That is, do the courts first determine what is constitutionally necessary, and then approach the cost problem, or does the question of cost become inextricably linked with the design of a remedy? In what ways do the institutional constraints of the courts and the procedural capabilities of the courts affect the use of cost data in the design of desegregation remedies? There is a fairly substantial body of literature concerned with judicial policy-making; such literature can be used to organize studies of the role of cost in the formulation and substance of desegregation orders issued by the courts.

2. As remedy proceedings move toward closure, and as implementation begins, simple cost figures become less useful and less significant than the concept of "net local cost". Net local cost is the amount of money that must be generated by raising local taxes or by shifting funds from other educational functions. To determine the net local cost of a desegregation plan, three sets of calculations are made. The first is gross expenditures for desegregation, e.g. staff training, transportation, community relations, construction or re-modeling of facilities, educational programs for desegregation. The second calculation identifies revenues for desegregation, e.g. additional state aid for transportation, federal grants such as those under E.S.A.A. and the Civil Rights Act, gifts from private sources, and contributed services from sources such as the
General Assistance-Centers or the Community Relations Service. The third calculation is the cost savings which can be effectuated as part of a desegregation plan, e.g. school closings. Net local cost then is the difference between gross expenditures, on the one hand, and a combination of desegregation revenues and local savings which can be applied to desegregation, on the other. The net cost concept gives rise to a number of research questions:

- How are gross desegregation expenditures calculated? The question has two main ingredients, one political and one technical. The political question is evident in the case of magnet school programs. Defendants usually identify magnet school costs as desegregation costs but plaintiffs do not, except to the extent that magnets in fact result in desegregation. Since Milliken v. Bradley, new issues have begun to appear; these concern the propriety of including remedial programs as desegregation costs. The technical problems of describing desegregation expenditures are difficult on both conceptual and operational grounds. At the conceptual level, for example, what proportion of new transportation costs are chargeable to desegregation, if some of the students who are transported are transported due to considerations of distance, not desegregation? If students are carried by public transit, using a pass system, is the true cost the cost of the pass, or the cost to the transit system? Approaches to such questions can draw upon theoretical frameworks from both political science and public finance.

- How are gross desegregation revenues estimated and calculated? Which revenues are directly attributable to desegregation and which are indirect? Once received, which revenues in fact are used for desegregation and which are used for purposes less clearly defined as desegregation? To
what extent are desegregation remedies determined by considerations of
the amount and useability of outside funds? How does the tardiness with
which state and federal agencies award desegregation funds affect their
use? Theories bearing on public finance and federalism are applicable
here.

—How are cost savings calculated? Again, there are political and technical
dimensions to the question. In the case of school closings, for example,
considerations of economy, community pressure, and desegregative effects
may determine whether a school remains open or closes. The savings
which are realized will depend not merely upon the reductions achieved
in salaries and utilities costs; it also will depend on disposition of
the building, e.g. mothballing, lease, sale, or demolition. The
possibility of shifting savings for the purpose of supporting desegregation
costs may be limited by state law or by budgeting practices. Political
theories concerning resource re-allocation are useful here, as are the
insights to be gained from accounting and public finance theories.

—How is the net local cost concept used in the political struggle to
determine the structure and implementation of a desegregation plan?

3. Desegregation appears to be having substantial effects upon the overall
financial situation of urban school systems. Although it is difficult to discern
the cumulative effects, the areas of impact are visible. Here we identify them
in terms of inquiries:

—To what extent and in what fashion is desegregation a pretext for re-
  storing personnel and programs which previously had been cut for
  financial reasons, or which would be cut in the absence of a desegregation
  program?
To what extent is desegregation a device for mobilizing state and federal funds otherwise unavailable? To what extent do such efforts affect the overall pattern of intergovernmental fund transfers?

To what extent and in which fashion is desegregation prompting resource re-allocation and improved cost effectiveness in urban school systems?

To what extent and in what ways are desegregation finances affecting resource control within urban school systems?

Such questions need to be re-cast in theoretical frameworks appropriate for examining urban school system finances; at this time our point is simply that desegregation finance appears to have major organizational effects which extend beyond desegregation programs themselves. An initial entry-point for exploring this matter is the magnet schools programs which we found in all five cities. These programs run counter to the historic emphasis upon standardization and bureaucratization in urban school systems. Their sudden appearance, under the guise of desegregation, provides an opportunity to examine alterations in flows of personnel and other resources, and in terms of altered modes of control.

Litigation costs are mounting to hundreds of thousands of dollars in each city.

To what extent is prolonged litigation a consequence of the fact that the major initial beneficiaries of the litigation are the attorneys themselves?

In what ways do adversarial proceedings and judicial contexts affect the substance and the cost of desegregation plans?

How do the actors in the legal setting—attorneys, judges, special masters, court-appointed experts—learn about desegregation costs, and how do they utilize that knowledge?
5. Milliken v. Bradley II sustained a desegregation plan which imposed certain remedial "education program" components and which mandated state support for these components. The case is shifting attention toward inclusion of such components in cities other than Detroit.

To what extent and in what fashion does court-ordered desegregation in one setting affect desegregation plans in other settings?

Where remedial education components are ordered as in Detroit, how are these components meshed with state and federal aid programs which may be targeted on substantially the same students?

6. The different components of desegregation plans (e.g. transportation component, educational program component, community relations component, staff development component, facilities component, litigation component) differ from city to city.

What are the determinants of inter-city cost differences among similar components?

To what extent are apparent cost differences simply artifacts of differing ways of compiling and reporting cost information?

Are some programs more cost effective than others? (e.g. given a need to transport a given number of children, and other things being equal, is it more efficient to depend upon a school-owned fleet of buses, charter service, public transit, or some mix of these?)

The list could be extended. But perhaps the point has been made: the subject of urban school desegregation costs presents rich opportunities for research which has great theoretical and practical interest.