

OBSERVATION POINT

DISSENT

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Tax Reform Aids Average Family

By Philip H. Power

Gov. Milliken's plan to reform financing of Michigan's education system looks as though it won't hurt us in the suburbs quite as much as had previously been feared.

If the plan is passed, our property taxes will go down, our income taxes will go up, and our total tax bill probably will go down a little bit.

In essence, the Milliken proposal runs this way:

- Eliminate the various locally-set property taxes for school operations and replace them with a standard statewide 16-mill property tax.

- Raise the state income tax, currently at 2.6 per cent for individuals, by 1.5 per cent, making the total flat rate income tax 4.1 per cent.

A state-wide property tax would give tax relief to 93 per cent of the state's taxpayers, according to Milliken's figures. In particular, senior citizens and people on fixed incomes would be helped.

But property tax reduction would leave the state nearly \$400 million short of meeting its needs for education. Money for this has to come from somewhere, and Milliken has proposed that it come from an increase in the state income tax.

HOW WILL this plan affect us in the suburbs?

These newspapers circulate in the communities of Plymouth, Livonia, Farmington, Redford Township, Garden City and Westland. For these communities, average family income is around \$13,000 per year.

This is much higher than the national average, currently a bit over \$9,000, and it's higher than Michigan or Detroit average. Men in this area have good jobs; their wives often work; and their families are getting a better than average income.

State income tax is levied against taxable income, not gross income. The main deduction is a \$1,200 personal exemption for each member of the family.

So if we take a family of four with the average \$13,000 gross income and deduct the personal exemptions, we get a taxable family income of \$8,200. And if the state income tax is going to be increased by 1.5 per cent, that means an income tax increase of \$123 per year for an average family of four in this area. That's the maximum.

OK, LET'S see if the proposed reduction in the property tax makes up for the increased income tax bite.

School operating millages in this area vary a good deal. Plymouth's is 24.15. Livonia has 28.9. Farmington has 29.5, and Redford Union 36.8.

As a guess, let's say that the average operating school millage in Observerland is around 30 mills.

Property taxes are levied by multiplying the assessed value of a home (in theory, half the market value) by the number of mills levied. A mill is \$1 for every \$1,000 of assessed value.

A quick survey of area realtors by our Classified Advertising Department reveals that a fair average market value for a home in Observerland is around \$25,000. That means that the average assessed value for a home in this area is \$12,500.

Multiply the average school operating millage (30 mills) times the average assessed value for a home (\$12,500) and you get \$375 as an average yearly school operating tax per home in this area.

Milliken's proposal is to reduce operating millage to a flat 16 mills across the board. Take the 16 mills and multiply it times the \$12,500 average assessed value for a home in this area and you get \$200 as the average school operating tax bite.

So the property tax reduction, if the Milliken plan passes, for the average family in this area would be \$375 minus \$200 or \$175 per year.

SO HOW DO the figures add up for an average family of four in Observerland?

The governor's proposal saved them \$175 per year on property tax, but added \$123 per year income tax. Net difference: \$52 per year tax saving.

So if we make the assumption that averages mean something and take into account the idea of personal exemptions in computing taxable income, Milliken's proposal represents a net tax reduction for people in this area.

I suspect the people who will get socked the worst will be those living in apartments. They will be getting taxed on their income but won't be getting any benefits from property tax reductions (unless the landlords decide to reduce the rent).

Whether or not the Milliken plan will make it through the State Legislature is another question. But on its surface and thinking just about the net tax effects on people here in Observerland, it seems to help us all out.

Did Teachers Kill Golden Goose?

The Wayne Community Board of Education was in a unique position last week not uncommon to other suburban school districts when it ratified a new teachers' contract.

The Wayne board split 4-2 to approve the two-year contract although a majority of the seven member board (the absent member voiced his objection in a letter to the board) expressed their opposition and disappointment in the new contract.

THE PROBLEMS that caused the Wayne board members to voice opposition to the contract are identical to those expressed in neighboring districts but some of the members went a step further in telling the teachers in blunt language - something rare for public officials talking to employees.

One of the Wayne board members warned teachers that

their salary demands were excessive and that they shouldn't kill the goose from which they get their golden eggs.

Another board member expressed the hope - indirectly - that there has to be a better way to negotiate contract terms.

The board and teachers know that the faculty has a monopoly on the labor market in that field and contract talks are usually held with the threat of a strike and the resulting harm to the students hanging over the negotiating table.

In Wayne, the teachers used more common sense than their brethren in Plymouth and returned to school without a contract while negotiations continued. Plymouth, as the world knows by now, went the opposite direction and refused to work during negotiations.

IT TOOK A hard-working labor mediator, fact-finder and a circuit court judge to bring about a settlement which could have been reached long ago.

But the problem of how to raise enough funds to meet the teachers' salary demands and other proposals which, in the long run, cost additional money, still exists.

Ronald F. Scott, one of

new Wayne board members, suggested regional negotiations, or at least regional studies, on the issue in an effort to resolve the problem of a lack of individual strength in local school districts.

Nankin Mills School District, which was dissolved this summer for financial reasons, went out with flying colors and a salary schedule higher than the neighboring Wayne district.

WAYNE'S TEACHERS did pretty good this year although it has nowhere near the property tax bill in the Plymouth district, which also has a substantially lower millage rate than Wayne.

Everyone from Gov. William Milliken on down says that local property taxes are not the way to finance public education but his proposal to raise more funds through a state income tax increase will really mean more money to be latched on by teachers in salary negotiations.

The problem is really how to bring some sort of sense, stability, fairness to both sides and the students - who don't have any voice in the controversy - so that contracts can be negotiated and approved without the golden goose being killed off in the process.

-Leonard Poger

Have Reason To Gripe

The proposed increase by the Detroit Water Board in water and sewage disposal rates is creating quite a stir in Redford Township and rightfully so.

In many sections of the township, homeowners have paid for downspouts to attach to storm sewers but face stiff penalties if they are attached since the storm sewers can't handle the water during and during heavy rainstorms.

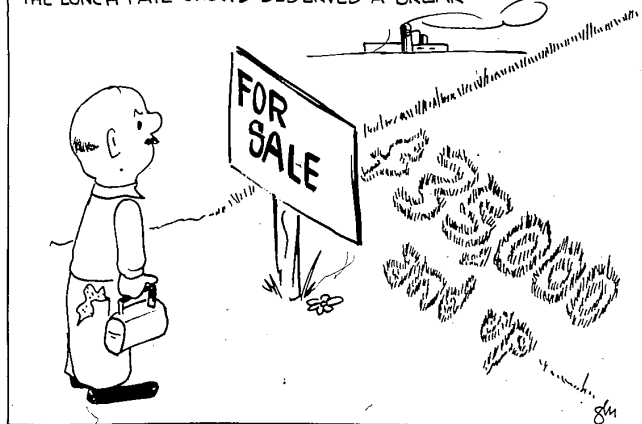
NOW THESE homeowners are

protesting the proposed rate hike to the Township Board. It is their feeling that they shouldn't be forced to pay additional for something they haven't been able to use.

There are several subdivisions developed in the past 10 years where homeowners never have had the privilege of connecting their downspouts.

Thus our thinking follows that of these homeowners. Why should they be forced to pay for a service that benefits others but not them?

THE LUNCH PAIL CROWD DESERVES A BREAK



Tim Richard writes

'Snob Zoning' Near End Of Line?

If you think there was hollering among bigots when the U.S. Supreme Court outlawed school segregation, and if you think you heard walls from the farms when the courts said that people and not tree stumps should be represented in the Legislature, then you had better get an even heavier set of ear plugs pretty soon.

There will be even louder snarling and gnashing of teeth one of these days when the courts outlaw "snob zoning" - the kind of vicious zoning and building restrictions that prohibit new houses unless they cost \$35,000 or so.

THE SOURCE of this information is not SDS or even the Establishment Radicals in TALUS. It is the National Observer, the Sunday arm of Dow Jones & Co.'s Wall Street Journal.

State agencies in Massachusetts and New York, the paper reports, have power to start building low-and moderate-income housing in suburbs and to rip through local snob zonings.

But more importantly, developers and civil rights-type people are going to court to challenge the constitutionality of suburban zoning ordinances that are snobbish in effect.

If some of the politicians in Livonia, Plymouth Township and Farmington Township aren't sweating over this issue, they should.

Cities, townships and villages get their power to control zoning and land use from the police power of the state. The legal theory seems to be that local politicians have no more right to use their police powers for snob zoning than they would, say, to order their Police Departments not to investigate a burglary complaint at anything less than a \$35,000 house.

THE PRESSURE TO knock down snob zoning is increasing in many places in the country, and it is bound to increase here. A 1965 traffic study in metropolitan Detroit showed that Detroit city residents are driving longer and longer distances to work, suburbanites shorter and shorter distances.

What it means is that more and more jobs are in the suburbs. It therefore becomes increasingly unfair for suburbs to woo and win industrial plants and then zoned out the guys who work in the plants.

The National Observer quotes the National Commission on Urban Problems, headed by former Illinois Sen. Paul Douglas, as charging that suburbs want "all of the cream and none of the milk." And it further quotes Neil Gold, co-director of the Suburban Action Institute in White Plains, N.Y., as saying:

"Zoning is a function of the state's police power, and its purpose is to promote the general welfare. If it ignores the poor, we would argue it isn't promoting the general welfare."

IN THIS REGION, snob zoning has come under the gun of Irving Rubin, director of the Detroit metropolitan Planning and Land Use Study (TALUS), himself a Bloomfield Hills resident.

Rubin would like to draft state legislation that would prevent a municipality from putting too much of its territory into quarter- or half-acre lots and requiring a better mix of housing types within the town's boundaries.

But the real demon, Rubin told us, seems to be the property tax. Cities and townships write zoning ordinances and building codes for the benefit of their tax receipts, not for the benefit of people.

And so the attack on snob zoning is coming in many states and from many fronts. Someday there may be not just a single breakthrough but a series of breakthroughs. It's coming.

In theory, at least, it is laudable for a newspaper to provide space for expressions of opinion from its readers, and I have availed myself of the opportunity from time to time. What bothers me, however, is that seldom do the Observer Newspapers or any other newspaper make a distinction between letters which are factually accurate and those which are not.

Is there not some sort of moral obligation incumbent on news media to point out misstatements of fact? If the Observer Newspapers staff with its superior knowledge does not separate fact from fiction, how is it possible for the average reader to evaluate the outpourings of disgruntled taxpayers?

By printing some of the letters it does without editorial comment, you can become a rumor monger instead of a news purveyor.

A CASE IN POINT arises from the Reader's Forum of Oct. 1, particularly with reference to a letter from An Upset Citizen.

This letter was remarkable in its lack of understanding of basic school system operation, and if taken at face value, contributed substantially to what is already a dismaying polarization in the school district.

Somewhere along the line it should have been pointed out that numerous boundary changes in the past few years have been necessary, in part, at least, because Livonia citizens failed to pass bond issues at the time they were needed. The result? Delayed openings of schools and the necessity for shifting students around in order to find classrooms to accommodate them.

Upset Citizen should learn via an editor's note that by state law, building funds are separate and distinct from those used for operation (salaries, maintenance, etc.), and therefore the size and the equipment of Churchill High School have no bearing whatever on the question of half-days.

The size of the high school is, of course, dictated by the number of students to be housed, and competing, for example, is increasingly utilized because it is cheaper to maintain and affords warmth and acoustical benefits.

Upset Citizen should know, too, that the books of the school district are completely audited once a year by a nationally-known accounting firm and, further, that the books are always open to public inspection. Rather than wondering ominously where the money goes, why not ask? As a starting point, some 90 per cent of the operating budget is used for employee salaries.

UPSET CITIZEN HAS every right to support recall of the Board of Education if she disagrees with their decisions, but I would hope that she and others of the same persuasion would make an effort to determine the full story before committing themselves.

In another letter from Carol Reardon, the suggestion is made that special education terminates in the ninth grade. Not true. The high schools maintain a number of special education programs for the physically or mentally handicapped student.

Since I am quite well acquainted with the operation of the Livonia Public Schools, I am generally able to decide for myself what reader comments are factual. I shudder, though, at the task or sorting out statements in areas with which I am not as conversant. The Observer Newspapers could help their readers by pointing out errors other than those which it pinpoints because they refer to Observer editorials or news stories.

Editorial & Opinion

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Philip H. Power, Publisher

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