The Ford Foundation’s 1970s Program for School Finance Reform: Origins and Overview

by Kelly Goodman

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As a foundation, Ford tried different approaches to ameliorate social problems. For example, the Ford Foundation both funded community control of schools to make local fundraising easier and lawsuits to equalize state resources during the late 1960s. Yet, the ideas behind the Ford Foundation’s public education grantmaking conflicted: Should democracy be based on voting or participation? Should schools be run by the community or by experts? Should legislatures volunteer or courts require school finance reform? From the start of its influential school finance grantmaking in 1969, Ford funded policy ideas rather than political action, looking to the courts for top-down orders to end the discriminatory use of property taxes to fund schools. The foundation pursued two strategies: supporting groups reforming discriminatory school finance and building “intellectual strength.”

As a Teachers College doctoral student, New York school finance lobbyist Marian Bott Adams visited the Ford Foundation archives before its records were deposited at the Rockefeller Archive Center (RAC) in 2012; her dissertation covers a number of Ford-funded school finance groups. My own research in these archives, as reflected in this report, were conducted later at RAC, and I focus on ideas.

Although the leadership of the Ford Foundation and the Ford Motor Company that endowed it diverged over time, the foundation carried forward a preference for making decisions through private economic choices rather than labor movement action. The Ford Foundation was embedded in the new decision sciences tested in the defense industry and applied by civilian executives at the Ford Motor Company during the 1940s. From 1953 to 1964, the Ford Foundation remade managerial science to strengthen the economy, pouring $35 million into economics departments and business schools at universities like Columbia, Chicago, and Stanford that would become centers of school finance research. In education and urban policy, Ford’s educational
philanthropy emphasized economic growth and econometric measurement.\textsuperscript{5} During the 1950s, the foundation openly backed board member Frank Abram’s campaign to encourage businessmen’s voluntary donations to private colleges and universities and for the Fund for the Advancement of Education that bet on educational television.\textsuperscript{6}

Combining Ford Foundation sources with my research in the US Chamber of Commerce records held at the Hagley Library in Wilmington, DE showed me the long-lasting links between the Ford Motor Company’s management practices and the Ford Foundation’s grantmaking. For example, the Ford Foundation’s “decision seminar” approached urban schools in fiscal crisis in a similar way to the US Chamber’s “Forward Thrust” program of total community resource mobilization after the late 1960s uprisings.\textsuperscript{7} The difference was in the foundation’s willingness to advocate mandatory taxation and the company’s insistence on voluntary participation. Henry Ford II sent thousands of Ford Motor Company employees to the US Chamber’s “Action Course in Practical Politics” to learn how to bring the business viewpoint into political life.\textsuperscript{8} Ford II, a member of the Business Group for Latin America, became increasingly involved in private contracting of international and domestic public policy. During the War on Poverty, Ford II chaired the National Alliance of Business, which directed federal funds to job training.\textsuperscript{9} An important area for future research in the Ford Foundation records is to explore the extent to which the Ford Motor Company was involved in the Ford Foundation.

As the Ford Foundation’s leadership shifted from business executives to public officials, the foundation’s investments in cities both shaped and were shaped by the War on Poverty’s public-private approach. With the Great Cities School Improvement Program, the foundation transitioned from investing in education for national security to education for urban peace.\textsuperscript{10} The US Office of Economic Opportunity’s Office of Legal Services, founded in 1965, assembled advocacy lawyers who later filed school finance suits in state courts. During the 1960s, the Ford Foundation and its grantees shared programming goals and budgeting technologies with the Johnson administration’s expansion of government through private contracts.\textsuperscript{11} After five years advising presidents on
escalating the Vietnam War, McGeorge Bundy took charge as Ford Foundation president in 1966.

Under Bundy, Ford Foundation grants challenged the social order with programs for political participation. The foundation attempted to change education from the ground up by giving the community control through local school boards. After the 1968 controversy over the Ocean Hill-Brownsville Governing Board and the 1969 Tax Reform Act ban on legislative lobbying by tax-exempt private foundations, Ford backed away from grassroots politics and voter registration, forcing some grant recipients “underground.”

Traditionally, the Ford Foundation had defined education as higher education but with one of every two or three citizens forecast to be involved in public education, program officer Edward Meade, Jr. pushed for a separate program in the summer of 1968. Months later, Ford appropriated $4 million for work on education in big cities, initially New York and Philadelphia, and potentially Minneapolis, San Francisco, Hartford, Indianapolis, Huntsville, and Detroit. After President Nixon promised to fire the US Commissioner of Education who oversaw implementation of school desegregation orders and federal aid to education, the foundation hired Doc Howe as vice president of its Education and Research Division. Disparities in K-12 per pupil funding prompted Ford to plan for school finance reform with a white paper in the fall of 1968, and program officer Dr. James A. Kelly’s arrival from Teachers College the next spring. Kelly had researched educational expenditures as a graduate student in Stanford’s School of Education, a recipient of Ford Foundation grants.

In 1969, the Ford Foundation funded a new causal study to persuade the Michigan government to allocate more aid to broke school districts like Detroit’s. James Kelly, then at the National Urban Coalition, supervised the $200,000 grant to the Detroit school board. The resulting report Schools and Inequality confirmed what many suspected: the poorer the school district, the fewer and lower quality the school services. A preview of school finance grantmaking to come, the early Michigan study prioritized management and economic expertise and was administered by a third party. Four professors, two
already working on foundation projects, and two affiliated with Stanford University who would become frequent Ford Foundation collaborators, co-authored *Schools and Inequality*.21

Over the course of the 1970s, hundreds of Ford Foundation grantees carried out research, advocacy, and legal work for school finance equalization.22 While the foundation’s nearly $30 million in grants was the “driving force” behind school finance reform, Ford’s public engagement strategy depended on the perception that organizations acted independently.23 When Meade began convening an annual meeting of foundations to informally stimulate grantmaking in the field of public education, he was careful to avoid the image of “big brother” Ford, by alternating as host with officials from Danforth and Kettering.24 However, such active foundations were a small portion of the thirty total attending Meade’s annual meeting. After a 1971 internal grant to “develop and refine program strategy and activities,” the Ford Foundation funded research and training by Rand and various university centers and institutes, state legislatures or citizens committees and commissions, outreach to minorities by the National Urban Coalition and to the public by the League of Women Voters.25 The two city-specific grants went to New Detroit, Inc. and the Los Angeles Board of Education. With the Council of Great City Schools, the Los Angeles school board developed a “school finance information system.” Ford was also interested in a system of standardized testing, establishing a Center for Statewide Educational Assessment at the Educational Testing Service.26 Alongside a sprawling Child and Government program at the University of California, Berkeley, the Ford Foundation’s largest grant went to the Lawyers’ Committee for Civil Rights Under the Law.

At the Ford Foundation, Kelly intentionally situated school finance reform outside schools of education, full of scholars he called “traditionalists” publicly and “soft, under-trained, and quite ignorant” privately.27 Housed in education, law, and public policy schools, Ford funded graduate programs to train school finance reformers, including women and people of color, at the University of Chicago, the University of California, Berkeley, Columbia University, Stanford University, Syracuse University, and Rutgers University.28
The reformers had backgrounds more like the Ford Foundation’s school finance program officer James Kelly: a short career as a teacher and administrator, international public service, doctoral education at Stanford, and policy experience.29 Kelly, who received his B.A. from Shimer College during its affiliation with the University of Chicago, stayed on for a master’s degree from 1954 to 1956. After an undergraduate great books curriculum, Kelly studied history and education but, given his lifelong admiration for economics, surely familiarized himself with Theodore Schultz’s human capital theory and Milton Friedman’s education voucher proposal while in Hyde Park.

The Ford Foundation, Kelly insisted, had the “good sense and the institutional modesty not to tell” the “first-rate minds from law, political science, and economics” who its grants funded “what to think.”30 As long as researchers shared the goal of “equitable” school finance, Ford’s epistemological preference was to be “scrupulously neutral” among their proposals.31 Frequently, staffers noted the breadth of grantees’ ideologies and politics.32 The Ford Foundation invested in independent scholarly minds and intellectual community.33 Kelly later admitted that he did not know whether legal theorists John E. Coons and Stephen Sugarman used their Ford grants to work on school finance or school vouchers. Internally, however, Kelly tracked topics, describing a 1970 grant to Stanford University as “Support for an analysis of the economics of educational voucher plans.”34

Coons and Sugarman’s 1970 book Private Wealth and Public Education proposed two state school aid formulas: “District Power Equalizing,” cited by amicus curiae briefs in court cases like California’s Serrano v. Priest and Texas’ San Antonio v. Rodriguez, and “Family Power Equalizing” for educational allowances to individual students. The former proposed to allocate state aid to public school districts based on the effort they made to raise taxes locally. The latter proposed to grant parents a voucher to enroll their child in any public or private school of their choice. Thus, the lawyers who provoked the most significant change in education spending in half a century also advocated Milton Friedman’s free market ideas.
From the beginning, the Ford Foundation considered public and private funding mechanisms for school finance equalization. One of the research lessons I learned at the Rockefeller Archive Center was the importance of searching for connections between funders. For example, the Taconic Foundation—a foundation I had never heard of before my visit—yielded a crucial finding. Coons applied to Taconic for funds to spend a summer reading literature on decentralization, subsidiarity, and “the mutually competing literatures of Friedman and Keynesian schools on the role of government in education” as he sought funding to turn his idea of “Family Power Equalizing” into an article “and perhaps a model statute.” As the Taconic Foundation noted while reviewing another grant proposal a few months later in 1969: “If time permits he would also work out a similar model for equalizing fiscal power among school districts as compared to equalizing among parents.” Thus, Coons’s “district power equalizing” formula was based on the economic logic of “family power equalizing.”

The Ford Foundation’s school finance reform network quickly established a state court precedent for school money redistribution after a setback in the US Supreme Court. On March 21, 1973, the US Supreme Court issued a five-to-four ruling in Rodriguez v. San Antonio Intermediate School District that education was not a fundamental right, with justice Lewis Powell’s majority opinion establishing the constitutionality of local school property taxes. By the fall of 1973, public interest law firms had brought approximately fifty-two suits in thirty-one states, primarily on Fourteenth Amendment grounds. Two weeks after the Rodriguez opinion, the New Jersey Supreme Court decided that the state constitution required a “thorough and efficient” education and ordered funding equalization in Robinson v. Cahill. The Ford Foundation’s spring 1973 conference after the Rodriguez and Robinson rulings gathered economists, legal scholars John Coons and Stephen Sugarman, and local lawyers involved in the Michigan and New Jersey cases. By November 1973, school finance cases had moved to state courts in approximately forty-five states.
As they watched court filings pile up, thirty governors pre-emptively asked for tax reform and twenty-one for school finance reform during 1973 state legislative sessions. Influencing state gubernatorial administrations had always been part of Ford’s plan; the foundation funded governor’s school finance reform commissions in Michigan, Florida, and elsewhere. Was this the kind of politics foundations sought to avoid after the 1969 Tax Reform Act? The Ford Foundation did not say. Regardless, Ford’s school finance reform program contributed to states taking more responsibility for education during the 1970s.

In the decade after Ford hired school finance program officer James Kelly, even as student enrollment declined, total education expenditures increased by 24.6 percent, adjusted for inflation. While local funding for public schools slightly declined over this period, state funding increased by nearly half.

However, school finance reform did not come quickly enough for some school districts in fiscal crisis such as Detroit Public Schools. At the end of 1972, New Detroit, Inc. approached the Ford Motor Company for an introduction to the Ford Foundation’s school finance program officer, James Kelly. New Detroit, Inc., an affiliate of the Ford Foundation-backed National Urban Coalition, had a separate Ford grant at the time. The foundation kept a “fund for Michigan” in case of situations like this. Future researchers may need to look outside Rockefeller Archive Center sources to determine how the fund came about, and whether it still exists.

The Ford Foundation planned to bring social science to blue-ribbon commissions to build consensus through the Detroit Education Task Force, a “third party” created by the publicly-elected school board but not “captive” to it. Ford’s go-to social science advisor on the Detroit case and many others, Harold Lasswell, had been a graduate student in the 1920s when mandatory arbitration was a popular form of “third party” resolution of strikes. To what extent did Ford rely on an anti-union policy during an era of public sector strikes? This is another area where cross-referencing foundation and company files could be useful.
Ford was “aware of the public conflict likely to rage in Michigan...over the question of additional state support of the Detroit public school” and warned that the foundation “would not touch any activity of the Task Force that involved attempts to influence state legislation.” More than influence legislation, the Task Force included several members of the state legislature who wrote legislation. Eventually, the Michigan legislature gave the Detroit school board permission to impose a non-voted city income tax. However, a forty-three-day Detroit teachers’ strike in the fall of 1973 likely had more influence on the resolution of urban school fiscal crisis than the Task Force. Thus, the Ford Foundation carefully negotiated inside-outside politics to keep Detroit schools open three years before the fiscal crisis brought austerity politics to New York City.


3 Amadae, Rationalizing Capitalist Democracy, 35.

4 Alongside these three, Harvard and Carnegie-Mellon received the bulk of the Ford Foundation’s money for business education. Khurana, From Higher Aims to Hired Hands.

5 Amadae, Rationalizing Capitalist Democracy, 68.

6 Ford trustee Frank W. Abrams, chairman of Standard Oil Company of New Jersey, led the Council for Financial Aid to Education.


14 Edward J. Meade, Jr. to Mr. Bundy, August 20, 1968, FA 617, Series 1 SSA, Box 1, Folder 15, Ford Foundation records, RAC.

15 Edward J. Meade, Jr. to F. Champion Ward re Summary of Meeting on Education in Urban Areas, September 26, 1968, FA 617, Series 1 SSA, Box 1, Folder 15, Ford Foundation records, RAC.

16 Bott, “Private Foundation Activism.”


20 The Coleman report used data from the 1965 US Office of Education Equality of Educational Opportunity Survey. At the same time desegregation cases brought
attention to the particular role of race in schools, these social scientists were strangely agnostic between using race or class in their model, picking socioeconomic status because there was better data available. When the authors ranked school districts, the significance of socioeconomic status in determining local revenue per pupil jumped out for the wealthiest quartile of schools.

21 Director of the Urban Education Program at the University of Chicago, Guthrie received his Ph.D. from Stanford University’s School of Education, where Levin was a professor. Stout coordinated Ford’s Administrator Training Program at the Clairmont Graduate School. The most prominent among them, Henry Levin, received a PhD. The quantitative consultant had received a PhD at Carnegie-Mellon, a new business school whose reputation Ford Foundation grants established. Kleindorfer, a lecturer at Berkeley’s School of Education, consulted for Ford on quantitative analysis. “Back Matter,” Management Science, vol. 22, no. 3, 1975, 387–389.


24 The Carnegie Corporation, John Hay Whitney Foundation, Kettering Foundation, and Rockefeller Foundation contributed funds to school finance reform. Fritz Mosher of the Carnegie Corporation was a particularly invested collaborator. The meetings began six years before the letter. Edward J. Meade, Jr. to McGeorge Bundy re Meeting of foundation officials on public education, November 1, 1974, FA617, Series 1 SSA, Box 1, Folder 16, Ford Foundation records, RAC.

25 List from ibid as of March 1974. The National Academy of Education received funding in 1972 for anthropology and education in addition to the economics and financing of education. Syracuse’s Maxwell School, Columbia’s Teachers College, Stanford, and the University of Chicago all received funds for economics of education training programs. Rand, Stanford, Harvard, and USC received grants for specific studies. Rutgers got money to assist state legislatures. The Ford Foundation funded citizens commissions in Florida and Maryland, where a variety of state taxes were proposed to increase per pupil funding to that of the highest spending district, and state legislatures like Oregon’s to draft legislation. Ohio and Minnesota leaders also considered centralizing school finance at the state, and even Ronald Reagan supported California property tax reform. Mike Bowler, “Wills panel back school-tax shift,” The Sun, December 14, 1971, A1. Harold Howe II, “Anatomy of a Revolution,” The Saturday Review, November 20, 1971, Box 1, Governor Milliken Ed. Program Folder, Mary Ellen Riordan Papers, Reuther Library.

26 A copy of the Michigan Educational Assessment Program made it to Kelly in 1972. In 1974, Kelly reported 20 tests were in development. FAP School Finance Reform Correspondence 1970–1973, Ford Foundation records, RAC. Kelly, Reforming the Economics of Public Education.
New networks of scholars in school finance included economists Samuel Bowles, Herbert Gintis, Henry Levin, Robert Hartman, Robert Reischauer, Dick Netzer, Charles Benson, Jerry Miner, Jesse Burkhead, David Stern, Robert Mnookin, John Coons, Stephen Sugarman, David Kirp, Betsy Levin, Lawrence Tribe; political scientists Alan Campbell, Donna Shalala, Michael Kirst, Lawrence Pierce; educational policy scholars James Guthrie and Alan Thomas. Project Directors, Ford-Foundation-Supported Projects Concerning School Finance and Related Fields, Series 4, Box 9, Folder 37, Ford Foundation records, RAC. Kelly, Reforming the Economics of Education.

Upon graduation from the University of Chicago in 1956, Kelly was a teacher then administrator in Ladue, Missouri before working for two years in Pakistan on assignment from Indiana University’s School of Education and then starting his Stanford PhD in 1963. After receiving his doctorate in 1966, Kelly worked for the National Urban Coalition from 1968 to 1969, concurrently served on the project board of the National Educational Finance Project from 1968 to 1971, and began an adjunct professorship at Teachers College in 1970. FA743, Series 2, Box 6, Folder Staff Bios K, Ford Foundation records, RAC.

For example, urging Berkeley’s Child Development and Government project not to minimize disagreements among researchers.

In addition to the Ford Foundation, whose support Marian Bott notes Coons, Clune, and Sugarman did not acknowledge, the legal scholars received funds from the Russell Sage Foundation and the Taconic Foundation. Davies, See Government Grow on Russell Sage. John E. Coons to John Simon, November 14, 1968, FA407 Series 1, Box 33, Folder 345, Taconic Foundation records, RAC.

Kelly, Appendix B Ford Foundation Grants Related to Educational Finance and Governance to “Reforming the Economics of Public Education,” 1.

Grant Proposal from UC Berkeley Law School Professor John E. Coons, January 13, 1969, FA407 Series 1, Box 33, Folder 345, Taconic Foundation records, RAC.


Local funding declined by 3.1% in real terms while state funding increased by 44.4% in real terms from 1969-70 to 1978-79 across all states. James A. Kelly, “Looking Back, Moving Ahead: A Decade of School Finance Reform” pamphlet of presentation at Ford’s May 11-15, 1980 conference The Politics of Equity: Education Finance, State-Local Taxes, and Children’s Services in San Antonio, Texas, FA1304, Series 1, Box 12, Folder 80, Ford Foundation records, RAC.

Ford’s Director of Corporate Affairs Planning Office scheduled the meeting. Robert A. Taub to James A. Kelly, December 5, 1972, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC.

Cunningham, “Third Parties,” 2.

James A. Kelly to Edward J. Meade, Jr. re School Finance/State of Michigan (New Detroit, Inc.), December 19, 1972, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC.

Winkelman, Report to New Detroit, Inc.