Column: Detroit plays games with school funding
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Last week Detroit saw the Red Wings play for the first time in the new home they'll share with the Pistons, Little Caesars Arena. Despite the excitement, many Michiganians oppose giving nearly $400 million in school funding to a flashy new arena.

This is hardly the first subsidy doled out to a hometown team. Detroit has jumped on a "once-in-a-generation" deal — as Olympia Development's CEO Tom Wilson called this latest one — at least four times since the 1970s. Over the last 40 years, Michigan politicians have given professional sports more than $1.2 billion in handouts.

The Silverdome cost Pontiac $253 million in 2017 dollars, plus $1.7 million in annual upkeep. Ford Field got another $170 million, while Detroit fully funded the $102 million Joe Louis Arena. Not to be outdone, Comerica Park received $257 million in rental car and hotel tax revenue.

But this time, the arena funding comes from a surprising source: school district property taxes. In 2012, the Michigan legislature voted to redirect tax revenue that would have otherwise funded Detroit schools into the Detroit Development Authority to subsidize the arena. Detroit now maintains two school districts. The new community district operates the schools using state funds. The second, older district exists solely to pay off old school debt. Once that happens, school funding will return to the students.

But for the next 34 years, a portion of school taxes will subsidize a facility for teams whose combined annual revenue exceeds $309million.

Politicians often argue that publicly funded development projects boost the economy, but a large body of academic research shows these predictions almost never pan out. If the arena was such a good investment of public money, why make the funding so complicated?

One reason is that government favoritism is simply easier to get away with when it's harder to understand. Seventy percent of Americans oppose stadium subsidies, so it's no wonder officials use sleight of hand and legislative smokescreens to redirect taxpayer dollars. They're rarely given willingly.

Detroit-born economist Art Rolnick has an alternative to siphoning money out of public schools. He recommends investing in people. His research suggests that investments in early childhood development can generate huge returns over the long term.

Instead of the arena subsidies, Detroit could have fully funded the careers of 218 new teachers or given each current teacher a permanent $4,600 raise. This is especially relevant given that Detroit's public schools faced a deficit of over 200 teachers just weeks before the start of this school year. Alternately, the money could have been used to hire an equivalent number of police officers or firefighters, or to decrease general taxes to bring businesses back to Detroit.

Detroit’s public funding of professional sports is nothing new, and isn’t unique. Across the country, the same misuse of taxpayer money occurs because the benefits of the subsidies are concentrated on the team owners, while the costs of the subsidy are hidden and spread out over a large group of people. This means there’s less motivation to resist team owners’ lobbying. We need better rules to constrain how politicians spend public money.

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