

Allen v. Wright (1984)

468 U.S. 737

The Internal Revenue Service (IRS) denies tax-exempt status under the Internal Revenue Code to racially discriminatory private schools and has established guidelines and procedures for determining whether a particular school is in fact racially discriminatory. A school denied tax-exempt status is also denied eligibility to receive charitable contributions deductible from income taxes under the Code. Inez Wright and other parents of black children who were attending public schools in seven states in school districts undergoing desegregation brought a nationwide class action in United States District Court for the District of Columbia against Treasury and IRS officials (W. Wayne Allen, the head of a private school identified in the complaint, intervened as a defendant), alleging that the IRS had not adopted sufficient standards and procedures to fulfill its obligation to deny tax-exempt status to racially discriminatory private schools and had thereby harmed the respondents directly and interfered with their children's opportunity to receive an education in desegregated public schools. They also alleged that many racially segregated private schools were created or expanded in their communities at the time the public schools were undergoing desegregation and had received tax exemptions despite the IRS policy and guidelines, and that these unlawful tax exemptions harmed them in that they constituted tangible financial aid for racially segregated educational institutions and encouraged the organization and expansion of institutions that provided segregated educational opportunities for white students avoiding attendance in the public schools. The respondents did not allege that their children had ever applied or would ever apply for admission to any private school. The District Court dismissed their complaint and request for declaratory and injunctive relief on the ground that the respondents lacked standing to bring the suit. The Court of Appeals for the District of Columbia reversed and remanded, and the Supreme Court granted certiorari.

Opinion of the Court: O'Connor, Burger, Powell, Rehnquist, White.

Dissenting opinions: Brennan; Stevens, Blackmun.

Not participating: Marshall.

JUSTICE O'CONNOR delivered the opinion of the Court.

Article III of the Constitution confines the federal courts to adjudicating actual "cases" and "controversies." As the Court explained in *Valley Forge Christian College v. Americans United for Separation of Church and State, Inc.* . . . the "case or controversy" requirement defines with respect to the Judicial Branch the idea of separation of powers on which the Federal Government is founded. The several doctrines that have grown up to elaborate that requirement are "founded in concern about the proper-and properly limited- role of the courts in a democratic society." . . .

The Art. III doctrine that requires a litigant to have "standing" to invoke the power of a federal court is perhaps the most important of these doctrines.... Standing doctrine embraces several judicially self-imposed limits on the exercise of federal jurisdiction, such as the general prohibition on a litigant's raising another person's legal rights, the rule barring adjudication of generalized grievances more appropriately addressed in the representative branches, and the requirement that a plaintiff's complaint fall within the zone of interests protected by the law invoked.... The requirement of standing, however, has a core component derived directly from

the Constitution. A plaintiff must allege personal injury fairly traceable to the defendant's allegedly unlawful conduct and likely to be redressed by the requested relief....

Like the prudential component, the constitutional component of standing doctrine incorporates concepts concededly not susceptible of precise definition....

The absence of precise definitions, however, as this Court's extensive body of case law on standing illustrates, ... hardly leaves courts at sea in applying the law of standing. Like most legal notions, the standing concepts have gained considerable definition from developing case law. In many cases the standing question can be answered chiefly by comparing the allegations of the particular complaint to those made in prior standing cases.... More important, the law of Art. III standing is built on a single basic idea—the idea of separation of powers. It is this fact which makes possible the gradual clarification of the law through judicial application. Of course, both federal and state courts have long experience in applying and elaborating in numerous contexts the pervasive and fundamental notion of separation of powers....

Respondents allege two injuries in their complaint to support their standing to bring this lawsuit. First, they say that they are harmed directly by the mere fact of Government financial aid to discriminatory private schools. Second, they say that the federal tax exemptions to racially discriminatory private schools in their communities impair their ability to have their public schools desegregated.

... We conclude that neither suffices to support respondents' standing. The first fails under clear precedents of this Court because it does not constitute judicially cognizable injury. The second fails because the alleged injury is not fairly traceable to the assertedly unlawful conduct of the IRS.

Respondents' first claim of injury can be interpreted in two ways. It might be a claim simply to have the Government avoid the violation of law alleged in respondents' complaint. Alternatively, it might be a claim of stigmatic injury, or denigration, suffered by all members of a racial group when the Government discriminates on the basis of race. Under neither interpretation is this claim of injury judicially cognizable.

This Court has repeatedly held that an asserted right to have the Government act in accordance with law is not sufficient, standing alone, to confer jurisdiction on a federal court.

... Recently, in *Valley Forge*, we rejected a claim of standing to challenge a Government conveyance of property to a religious institution. Insofar as the plaintiffs relied simply on "their shared individuated right" to a Government that made no law respecting an establishment of religion, we held that plaintiffs had not alleged a judicially cognizable injury. "[A]ssertion of a right to a particular kind of Government conduct, which the Government has violated by acting differently, cannot alone satisfy the requirements of Art. III without draining those requirements of meaning." Respondents here have no standing to complain simply that their Government is violating the law.

Neither do they have standing to litigate their claims based on the stigmatizing injury often caused by racial discrimination. There can be no doubt that this sort of noneconomic injury is one of the most serious consequences of discriminatory government action and is sufficient in some circumstances to support standing.... Our cases make clear, however, that such injury accords a basis for standing only to "those persons who are personally denied equal treatment" by the challenged discriminatory conduct.

If the abstract stigmatic injury were cognizable, standing would extend nationwide to all members of the particular racial groups against which the Government was alleged to be discriminating by its grant of a tax exemption to a racially discriminatory school, regardless of the location of that school. All such persons could claim the same sort of abstract stigmatic injury respondents assert in their first claim of injury. A black person in Hawaii could challenge the grant of a tax exemption to a racially discriminatory school in Maine. Recognition of standing in such circumstances would transform the federal courts into "no more than a vehicle for the vindication of the value interests of concerned bystanders." ... Constitutional limits on the role of the federal courts preclude such a transformation.

It is in their complaint's second claim of injury that respondents allege harm to a concrete, personal interest that can support standing in some circumstances. The injury they identify—their children's diminished ability to receive an education in a racially integrated school—is, beyond any doubt, not only judicially cognizable but... one of the most serious injuries recognized in our legal system. Despite the constitutional importance of curing the injury alleged by respondents, however, the federal judiciary may not redress it unless standing requirements are met. In this case, respondents' second claim of injury cannot support standing because the injury alleged is not fairly traceable to the Government conduct respondents challenge as unlawful.

The diminished ability of respondents' children to receive a desegregated education would be fairly traceable to unlawful IRS grants of tax exemptions only if there were enough racially discriminatory private schools receiving tax exemptions in respondents' communities for withdrawal of those exemptions to make an appreciable difference in public-school integration. Respondents have made no such allegation. It is, first, uncertain how many racially discriminatory private schools are in fact receiving tax exemptions. Moreover, it is entirely speculative, as respondents themselves conceded in the Court of Appeals, ... whether withdrawal of a tax exemption from any particular school would lead the school to change its policies.... It is just as speculative whether any given parent of a child attending such a private school would decide to transfer the child to public school as a result of any changes in educational or financial policy made by the private school once it was threatened with loss of tax-exempt status. It is also pure speculation whether, in a particular community, a large enough number of the numerous relevant school officials and parents would reach decisions that collectively would have a significant impact on the racial composition of the public schools.

The links in the chain of causation between the challenged Government conduct and the asserted injury are far too weak for the chain as a whole to sustain respondents' standing....

The idea of separation of powers that underlies standing doctrine explains why our cases preclude the conclusion that respondents' alleged injury "fairly can be traced to the challenged action" of the IRS.... That conclusion would pave the way generally for suits challenging, not specifically identifiable Government violations of law, but the particular programs agencies establish to carry out their legal obligations. Such suits, even when premised on allegations of several instances of violations of law, are rarely if ever appropriate for federal-court adjudication.

"Carried to its logical end, [respondents'] approach would have the federal courts as virtually continuing monitors of the wisdom and soundness of Executive action; such a role is appropriate for the Congress acting through its committees and the 'power of the purse'; it is not the role of

the judiciary, absent actual present or immediately threatened injury resulting from unlawful governmental action.”

The Constitution, after all, assigns to the Executive Branch, and not to the Judicial Branch, the duty to "take Care that the Laws be faithfully executed." U.S. Const., Art. II, § 3. We could not recognize respondents' standing in this case without running afoul of that structural principle. . . .

JUSTICE BRENNAN, dissenting.

In these cases, the respondents have alleged at least one type of injury that satisfies the constitutional requirement of "distinct and palpable injury." In particular, they claim that the IRS' grant of tax-exempt status to racially discriminatory private schools directly injures their children's opportunity and ability to receive a desegregated education....

Fully explicating the injury alleged helps to explain why it is fairly traceable to the governmental conduct challenged by the respondents. As the respondents specifically allege in their complaint:

"Defendants have fostered and encouraged the development, operation and expansion of many of these racially segregated private schools by recognizing them as "charitable" organizations described in Section 501(c)(3) of the Internal Revenue Code, and exempt from federal income taxation under Section 501(a) of the Code. Once the schools are classified as tax-exempt . . . contributions made to them are deductible from gross income on individual and corporate income tax returns. . . . Moreover, [the] organizations . . . are also exempt from federal social security taxes. . . . and from federal unemployment taxes. . . . The resulting exemptions and deductions provide tangible financial aid and other benefits which support the operation of racially segregated private schools. In particular, the resulting deductions facilitate the raising of funds to organize new schools and expand existing schools in order to accommodate white students avoiding attendance in desegregating public school districts. Additionally, the existence of a federal tax exemption amounts to a federal stamp of approval which facilitates fund raising on behalf of racially segregated private schools. Finally, by supporting the development, operation and expansion of institutions providing racially segregated educational opportunities for white children avoiding attendance in desegregating public schools, defendants are thereby interfering with the efforts of courts, HEW and local school authorities to desegregate public school districts which have been operating racially dual school systems."

Viewed in light of the injuries they claim, the respondents have alleged a direct causal relationship between the government action they challenge and the injury they suffer: their inability to receive an education in a racially integrated school is directly and adversely affected by the tax-exempt status granted by the IRS to racially discriminatory schools in their respective school districts. Commonsense alone would recognize that the elimination of tax-exempt status for racially discriminatory private schools would serve to lessen the impact that those institutions have in defeating efforts to desegregate the public schools.

What is most disturbing about today's decision, therefore, is not the standing analysis applied, but the indifference evidenced by the Court to the detrimental effects that racially segregated schools, supported by tax-exempt status from the federal government, have on the respondents' attempt to obtain an education in a racially integrated school system. I cannot join such indifference, and would give the respondents a chance to prove their case on the merits.