



The President on Tuition Tax Credits

President Reagan has once again affirmed his support for tuition tax credits, saying, "Let there be no misunderstanding. This Administration will keep its pledge to work with this Congress to fashion the kind of legislation which provides tax relief to families which pay tuition in addition to supporting their public schools."

In an October 18 telegram to the Chief Administrators of Catholic Education, the President said, "... I want to take this occasion to reassure you, as well as the other sectors of the non-public school community, that I remain as strongly committed to tuition tax credits now as when I spoke to you in Cincinnati (in October, 1980).

"I also am determined to see to it that the program of economic recovery I pledged in the campaign succeeds in bringing down inflation, creating more jobs and getting the country moving again. There can be no higher priority for the nation... than achieving the goal of economic recovery.

"Due to the difficult budget pressures we will face in the months to come, and given our determination to address the immediate and severe problems facing the nation's economy, my commitment to work with Congress to construct a tuition tax credit bill will necessarily require that we initiate our efforts later in the 97th Congress.

"Further, in recognition of the present economic situation, and to minimize the budget impact of any tuition tax credit legislation, an acceptable bill will have to be phased in gradually."

Reaction to the President's announcement was favorable. Msgr. John F. Meyers, President of the National Catholic Educational Association and President of CAPE, said, "I am delighted to have the President reaffirm his commitment to the passage of tuition tax credit legislation. Now I am anxiously waiting to see the positive steps he will take with the 97th Congress toward the passage of this legislation."

Block Grant Primer for Private Schools

As befits a government agency dealing in education, the Department of Education chose a "question and answer format" to teach the public about life under block grants. In two draft memos, issued on October 9 and 16, the Department addressed "Questions and Answers Concerning the Education Consolidation and Improvement Act of 1981."

Following are the queries and responses dealing with private schools in Chapter 1 and 2, respectively:

Does Chapter 1 provide for participation of children enrolled in private schools?

Yes. Section 557 provides that educationally deprived children in private elementary and secondary schools are entitled to receive educational services under Chapter 1 which are equivalent to services provided to such children in public schools.

Is an LEA obligated to serve children attending a private school in a Chapter 1 project area, even if the children reside outside the LEA?

No. The requirement in Chapter 1 for providing service to private school children applies only to children who reside in the project area.

When the Secretary arranges for a "by-pass" to provide services to children attending private schools, from what source will the administrative and program funds come?



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According to Section 557 (b)(3)(A), the Secretary shall pay to the provider the cost of such services, including the administrative cost of arranging for such services, from the appropriate allocation.

If a private school is not in compliance with state law, can the SEA declare children attending that school to be ineligible for Chapter 1 services?

Yes.

If the educational needs of children in private schools are different from children in public schools, must the LEA still provide services?

Yes. The educational needs of children in private schools must be taken into account in designing appropriate Chapter 1 services.

How will states distribute Chapter 2 funds where they do not count private school enrollment?

Section 565 of the Act requires each state to allocate Chapter 2 funds on the basis of the relative enrollment in public and private elementary and secondary schools, adjusted for "high cost" children. It is the responsibility of each state to determine how to comply with that requirement in developing its distribution formula.

Is an LEA obligated to serve children attending a private school in its geographic area even if the children reside in another district of the state, or in another state?

Yes. The requirement for providing services to private school children is based on enrollment in a private school within the school district.

If an LEA does not accept Chapter 2 funds, how do the private school children in the LEA receive Chapter 2 benefits?

They will be provided benefits and services through arrangements made by the state.

When the Secretary arranges for a "by-pass," where will the administrative and program funds come from?

Under Section 586 (g) of the Act, both administrative and program funds will be deducted from the appropriate allotment of the state.

Tuition Tax Credits Fail in D.C.

"Hey, brother," began the radio commercial on station WOL, "they're running a game on you with your taxes." The advertisement went on to exhort D.C. residents to vote "No" on Initiative No. 7, the

tuition tax credit measure.

They did. The initiative was defeated on November 3 by a landslide margin of 8-to-1.

The plan, promoted by the National Taxpayers Union, would have allowed D.C. residents to reduce their District income taxes by up to \$1200 a year for educational expenses incurred by a full-time student at any public or private school which maintains a racially nondiscriminatory policy. Non-parents and businesses, too, could have used the credit to contribute to the education of "needy" D.C. students.

The campaign for and against tuition tax credits was described by the *Washington Post* as a "battle . . . (with) many of the trappings of a traditional political campaign without the candidates." \$250,000 was spent on the issue, making the contest one of the most expensive fights in the District's political history. It involved phone banks, mass mailings, leaflets sent home with school children, public forums, ads in buses and subways, door-to-door canvassing and sound trucks.

Supporters—largely, the National Taxpayers Union and the D.C. Committee for Improved Education—contended that the plan would provide parents with badly-needed educational choice, and in so doing, create healthy competition for the ailing public school system. Admitting to an initial loss of District tax revenue of \$15.5 million, they claimed that in time the deficit would be offset by savings resulting from large-scale switching of students from public to private schools.

Opponents, representing 31 political, labor, business, civic and religious groups, cited three reasons for opposition to the plan: it would help the wealthy, not the poor; it would damage the public school system; and it would cause a drain on the D.C. treasury of between \$24-70 million a year, forcing the city to cut services, lay off 3000-4000 employees and raise property and income taxes. Moreover, they said, it was a scheme promoted by "outsiders" who came into D.C. to gather signatures for the petition to place the initiative on the ballot.

Many private school administrators in the area opposed the credit plan, calling it bad for the public schools and of no benefit to the private schools, who could not have absorbed the influx of students generated by the tax break. In addition, the Archbishop of Washington, the Most Rev. James A. Hickey, remained neutral on the issue, calling on

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voters to decide for themselves whether the initiative served the purpose of promoting "the right of parents to make decisions with regard to the education of their children."

Although some observers view the referendum as a crucial test for the national tuition tax credit proposal, others see it as a local, *sui generis* event without national implications. CAPE Executive Director Robert L. Smith said, "To draw any broad national conclusion about tuition tax credits from the negative reaction of local voters to the highly complex and unusual proposal introduced locally by the National Taxpayers Union would be wildly erroneous. The District initiative differs from the Packwood-Moynihan tax credit bill as day from night, which explains why the private school community nationally, which is supporting Packwood-Moynihan through CAPE, had almost no use at all for Initiative No. 7."

Charles O'Malley: New Man at OPRE

After an 8-month hiatus, the Department of Education once more has an official representative for private education. He is Charles O'Malley, most recently Coordinator for Private Education Services for the Florida State Department of Education. Presently acting as an "intermittent consultant" to the Secretary, he will shortly become Executive Assistant to the Secretary for Private Education.

For the past six years, O'Malley has been liaison between the private school community (kindergarten through post-secondary) and the Florida Department of Education. He has sought to establish and maintain a positive relationship between the private education leadership and the state agency. He has acted as ombudsman for families in their relationships with private schools and has served as a resource person on private education issues to other states and federal agencies.

O'Malley views himself as a "facilitator," and his interest in finding a way to accommodate divergent views is evident in his plans for the Office of Private Education, where he is looking forward to carrying out the goals of the Administration in furthering private education. He would like to get public and private school leadership together to discuss common problems and aspirations. He wants to strengthen the relationship between the Department and the private sector, drawing in organizations which have been reluctant to become involved with the federal government. He hopes to encourage some private school organizations, not now members of CAPE, to share some information about themselves so that they could be included in representations of "the private school picture" to the public and the government. Finally, in an effort to assure full private school involvement in the block grant program, he would like to create a set-

ting in which the private school administrators and the state and local implementors of the grant programs could learn jointly about the federal position on private school participation.

As O'Malley says, in a statement which might be taken to sum up his philosophy of administration, "I want to bring them all together in the same room."

Legislative Update

Tax-Exempt Status of Private Schools

House approved Ashbrook amendment July 30. Senate Treasury Appropriations bill, from which amendment was dropped in subcommittee markup, is awaiting floor consideration. Now on "hold," pending outcome of dispute on funding of Federal Elections Commission.

Tuition Tax Credits

S.550 (Packwood, R-OR; Moynihan, D-NY;

Roth, R-DE).

Pending in Finance Committee.

H.R.380 (Luken, D-OH) and others.

Pending before Ways and Means Committee.

Foreign Language Training

H.R.3231 (Simon, D-IL).

Education and Labor Committee reported out, 21-9, October 20. Awaiting "rule" to bring to House floor.

Testing

H.R.1662 (Weiss, D-NY); H.R.1312 (Gibbons, D-FL).

Subcommittees on Postsecondary Education and Elementary, Secondary and Vocational Education held hearings November 4 and 5. No markup set.

Permanent Authorization of Handicapped Education

H.R.4410 (Smith, R-NJ).

Select Education Subcommittee discussing hearings; no date set.

National Service System

S.1052 (Tsongas, D-MA; Cranston, D-CA).

Pending before Committee on Governmental Affairs.

H.R.2500 (Panetta, D-CA).

Hearings planned by Select Education Subcommittee.

Guidance for Elementary School Children

S.928 (Stafford, R-VT).

Pending before Subcommittee on Education, Arts and Humanities.

H.R.1598 (Perkins, D-KY).

Pending before Subcommittee on Elementary, Secondary and Vocational Education.

Capenotes

...The CAPE Directors discussed private school concerns in an hour-long meeting with Secretary Bell during their annual fall meeting, October 26 and 27.

...Robert L. Smith addressed the fall meeting of Mo-CAPE in Kansas City in mid-October and a meeting of Philadelphians concerned with private schools in early November.

...CAPE's staff attended an all-day Tuition Tax Credit Seminar and Debate organized by the Institute for Research on Educational Finance and Governance, Stanford University, on October 22.

...Staff also attended a conference on parental participation in schools sponsored by the National School Volunteer Program.



● **ED Direct Grant Program Deadlines:** The October 28 issue of the *Federal Register* (pp. 53278-53317) contains a chronological listing of closing dates for transmittal of direct grant applications for programs not included in block grants as well as individual application notices for each program.

● **Handicapped, Gifted Grants:** Applications are due February 1 for awards of up to \$500 for innovative educational projects directly benefitting handicapped and gifted children. For application materials, send self-addressed, stamped envelope to Foundation for Exceptional Children, 1920 Association Drive, Reston, VA 22091.

● **Cancer Institute Smoking Program:** The National Cancer Institute has compiled information on smoking education/cessation programs for young people. Its book, *Smoking Programs for Youth*, is available free from: Office of Cancer Communications, NCI, Bldg. 31, Rm 10A18, Bethesda, MD 20205.

● **Third-Class Mailing Rates:** Congress has made substantial cuts in postal service funding. If levels considered in the fall are realized, the postal budget will be decreased 41% between FY'81 and FY'82. Rates for third-class nonprofit mail will increase from 3.8 cents per piece to at least 5.6 cents per piece. Further cuts will most likely be proposed next year, according to the Alliance of Third-Class Nonprofit Mailers, which serves CAPE member organizations in its representation of a wide variety of non-profit groups.

● **NCES Private School Report:** The National Center for Education Statistics is still able to provide complimentary copies of *Private Schools in American Education*, a statistical report on private elementary and secondary schools in the U.S. Write NCES, Presidential Bldg., 400 Maryland Ave., S.W., Washington, D.C. 20202.

● **Heavy Private School Use of NDN:** The National Diffusion Network reports approximately 1,100 private school adopters of NDN projects in 1980. Regional and state facilitators are listed in Summer 1981 issue of NDN Reporter, pp. 5-6.

● **Colorado Turns Down Private School Rules:** ECS *Legislative Review* (Vol. 11 No. 16) reports that the Colorado State Board of Education voted 3-2 against adopting new regulations for private schools. The board had considered rules requiring private schools to "provide a basic academic education comparable to the program in a public school."

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