

# CAPE OUTLOOK



## Tax Simplification Gives New Meaning to Simplicity

The tax plan put forward by Secretary of the Treasury Regan, described on the Hill as "the biggest trial balloon since the Zeppelin, Von Hindenburg" contains provisions which could seriously affect private schools. Although the President has kept a safe distance from it, the plan does closely resemble the flat tax proposals of both Democrats and Republicans and has generated much interest and support from all those seeking a simple, more fair tax system. So it must be taken seriously.

The features directly affecting the welfare of private schools adversely are these:

- Repeal of the charitable contributions deduction for non-itemizers;
- Limitation on charitable deductions to the amount that those deductions exceed two percent of a taxpayer's adjusted gross income;
- Limitation on charitable deductions for gifts of appreciated property to the smaller of the index basis of the asset or its fair market value.

Independent Sector, the umbrella for national non-profit institutions, estimates that the proposed changes will reduce charitable giving by individuals by 25%, or \$13 billion. A leading higher education authority on tax policy terms the proposal "an unmitigated disaster" for private institutions which depend on individual gifts for a critical portion of operating expenses. CAPE member organization schools would be particularly hit by the probable very sizeable reduction in small gifts from those of modest income. In addition, any tax simplification plan would have the effect of increasing significantly the number of people who would become non-itemizers, thus considerably enlarging the losses in gift income. The limitations put on gifts of appreciated property would have the effect of reducing the size of large, leadership types of gifts which are essential to the well-being of the fund-raising efforts of private schools.

In addition to hurting support for private schools, the tax simplification plan put forth by Secretary Regan could indirectly affect the financial ability of parents to pay for private schools because of its heavy emphasis on eliminating tax deductions typically used by middle income families. An estimated 70% of private school families have incomes between \$15,000 and \$35,000 per year.

Although hearings on any tax proposal will probably not come until spring according to Senate Finance Committee Chairman, Bob Packwood, CAPE private school representatives in Washington have recently formed a special Task Force on tax matters so that our interests may be well considered and communicated as proposals change and networks are formed.

Among our serious concerns, in addition to supporting efforts to reduce the national debt and making sure the private sector is not starved out of gift funds, is the fate of tuition tax credits. For they would seem more important than ever if we develop a tax system which hits hardest blue collar and middle class parents who constitute the backbone of our school families. Equal educational opportunity could become an even more distant hope and our valued pluralistic system of education could be at risk.

## Regs Hatched by Hatch Act Cause Reaction

The Department of Education has published for review final regulations designed to handle complaints under two sections of the General Education Provisions Act (GEPA), known as the Hatch Amendment, which provides for the protection of student rights in research, experimental programs and testing.

Specifically, section 439(a) requires that "instructional materials used in programs or projects that are designed to explore or develop new or unproven teaching methods or techniques be made available for inspection by parents." Section 439(b) states that "no child shall be required to submit, without prior consent, to psychological or psychiatric testing, examination, or treatment in which the primary purpose is to reveal information concerning political affiliation, mental or psychological problems potentially embarrassing to the student or

*Continued on p. 2*

## **Hatch Amendment** *(continued from p. 1)*

family, sexual behavior and attitudes, income, legally privileged relationships like those of physicians and lawyers, or critical appraisals of family relationships."

CAPE has joined 20 other educational organizations, representing both schools and colleges, in expressing serious concern about the regulations. In a letter to the Department of Education, CAPE noted that the regulations appear to have been developed without any realization that they would affect activities of private schools whose students participate in federal programs. We said, furthermore, that a great many private schools are continually and energetically pursuing "new teaching methods or techniques" as a means of keeping their academic programs challenging and effective. That a private school should be legally required to consult parents prior to their introduction would clearly be "an intolerable intrusion into academic independence of the private schools as well as the unwarranted substitution of an unhealthy aura of legalism in the relationship between school and parents normally characterized by trust and confidence."

We also expressed concern that the regulations could put into question admissions and other testing done by a great number of private schools as a normal part of their activities.

In short regulations designed to "protect students" appear to us and other organizations to inject a heavy dose of contentiousness and litigiousness into the relationship between parents and school and could only be counter productive. We are awaiting the next move from the Department of Education.

## **High Court Considers Aid to Private Schools**

On December 5 the U.S. Supreme Court heard arguments in two cases concerning permissible limits of governmental aid to private schools but there was little hint as to the possible ruling. At issue are cases from New York City and Grand Rapids, Michigan. Both cases involve programs of instruction by public school teachers on parochial school premises.

In New York City, students in private schools legislatively eligible for participation in Title I Services, are taught by public school teachers at private

schools. Informed observers feel that New York City provides a model Title I program of remediation help to low income, low achieving students in private schools and has been operating to the satisfaction of New York City's private and public school communities for nearly two decades.

Grand Rapids represents a somewhat more recent arrangement whereby public school teachers paid by the city, teach private school students in their own schools in a wide variety of subjects. Relations are close between private and public education in Grand Rapids and private school enrollment constitutes 30% of the total in the city. Thus New York City's situation involves a federal program, Grand Rapids a local one, and there are other differences as well as important similarities.

The Court sought in its questioning, particularly by Justice O'Connor, to differentiate between the two situations. Attorneys for the plaintiffs differed in their responses.

In the course of the arguments, the attorneys for the plaintiffs stated that the government is impermissibly aiding religion "by the simple fact of placing on the premises of a parochial school somebody without whose help religious school students may not be able to progress."

Solicitor General Rex Lee, arguing for the defendants said that "This just isn't the kind of case that raises serious risks that the Government is going to establish religion." He pointed out that the program was offered at the parochial schools only after it was found that participation suffered when it was offered after school or at public schools.

The attorneys for Grand Rapids, responding to a question from Justice Stevens, said the fact that the courses under question in Grand Rapids were enrichment rather than core courses was proof that public money wasn't beefing up the principle educational purpose of the private schools. But the plaintiffs expressed the view that the Grand Rapids program permits private schools "to siphon off the slowest students and have them taught at public expense" — a benefit to the slow learners but also to instruction carried on in regular classrooms.

The cases may stand or fall together or separately when they are decided, probably next spring. The vote is expected to be close.

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A coalition of 15 national organizations serving private schools (K-12)

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### READER SURVEY

#### NCES Data Shows Increase in Private Schools

Private schools and private school enrollment jumped by 12% and 7% respectively during the period between 1980 and 1983 according to the National Center for Education Statistics (NCES). Using new sampling techniques, the Center estimates that as of 1983-84 there were 27,604 private schools, up from 21,000 in 1980, and 5,686,300 students, up from 5,028,800. Although NCES indicates that these figures are "preliminary and subject to adjustment after final analysis," they nevertheless represent the biggest jump in private school statistics ever recorded.

The schools most responsible for the increase are not immediately discernable from NCES's figures because they are found almost equally in the religiously "affiliated" and "non-affiliated" categories. But it seems apparent that the Evangelical Christian Schools make up the bulk of the increase. Whether or not at least some of these schools previously existed but were uncounted is not clear.

Among CAPE member organizations, increases in enrollment and schools are recorded among all but Catholic schools which show an 8% decline.

Other significant figures: the teacher pupil ratio in private schools was 1 to 14.34 in 1983 compared to 1 to 17.10 in 1980. There were just under 400,000 teachers employed by private schools in 1983, an increase of 18% over the three year period.

Among reasons usually cited for the increase in private school attendance and numbers are a strong interest in educational quality and values among families, concern about discipline and social matters, the trend toward having fewer children by two income families and the greater ability of private schools to speak to the particular needs of individual students.

In another survey, NCES will, next year, update its data on private school libraries last collected during

1978-79. CAPE has been asked to assist in the preparation of the questionnaire which will be sent, with appropriate advance notice, to a sampling of 1500 private schools sometime in March or April.

#### Legislative Update

The 99th Congress is scheduled to convene on January 3 for housekeeping business until January 7. It reconvenes on January 21 and first on the 1985 legislative agenda will be a series of fiscal issues with important implications for private education. In the budget plan submitted to the President's Cabinet in early December, the President asked for \$34 billion in domestic spending cuts to offset expected increases in defense spending and social security benefits. But Administration officials confirmed that spending for most elementary and secondary education programs would probably be frozen at current levels. Yet the President is expected to propose sharp reductions in several programs including aid for college students. The Administration is also expected to seek cuts in the Education Department's current \$17.9 billion budget, which the President approved in October.

Congress must approve any budget cuts or other legislative changes that the White House proposes.

Among other issues of importance to private education which will be considered early in the 99th Congress are the renewed attempt to pass the Civil Rights bill that was stalled in the Senate last Congress, child nutrition legislation, the higher education reauthorization bill and confirmation of a new Secretary of Education.

#### Cape Annual Fundraising Continues

We are deeply grateful for contributions already received and will warmly welcome gifts in the coming New Year. SEASONS GREETINGS TO ALL OUR READERS!

# READERSHIP SURVEY

OUTLOOK's staff and CAPE's Board of Directors are interested in developing a profile of OUTLOOK's readers, and learning more about ourselves and you. We believe it will help our editorial planning and understanding of what is of interest to OUTLOOK subscribers. It will also provide useful information to potential advertisers.

We ask you to take the time right now to fill out the following confidential questionnaire. Please feel free to make recommendations about how OUTLOOK can serve your information needs. We value your opinions and the time you spend completing this form. When you have completed the survey, please cut out the form, fold and staple, place a 20 cent postage stamp on it and return it to CAPE OUTLOOK, 1625 Eye St., NW Suite 1011, Washington, D.C. 20006.

Thank you for your help. Best wishes for a happy NEW YEAR!

1. What is your professional role in education?

- teacher:  elementary school  secondary school  superintendent  district administrator  
 principal or headmaster  professor or university administrator  
 school administrator  researcher  
 other (please describe) \_\_\_\_\_

2. With what level of schooling do you work most directly?  K-6  7-12  K-12  college

3. Are you most closely associated with:  private school (church-related)  private school (independent)  
 other (please specify) \_\_\_\_\_

4. Do you read OUTLOOK every month?  Yes  no.  
How much time do you spend reading an issue of OUTLOOK?  15 minutes or less  30 minutes to an hour.

5. Do you share your copy with other staff persons?  Yes  no. How many? \_\_\_\_\_

6. What do you do with your copy once you are finished with it?  
 pass it along  file it  clip articles  discard it  
 other (please describe) \_\_\_\_\_

7. What other education publications do you read regularly?  
\_\_\_\_\_  
\_\_\_\_\_

8. Do you find information in OUTLOOK timely?  yes  no.

9. Does OUTLOOK keep you informed about current issues related to private education?  yes  no.

10. In what areas would you like more information?  
 education  legislative  judicial  regulatory  
 other (please specify) \_\_\_\_\_

Additional comments: \_\_\_\_\_  
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