

CAPE OUTLOOK



Reagan's Tax Plan: Implications for Private Education

Although the jury is still out on the fairness and simplicity of the President's new tax proposal, it appears to contain problems, some potentially serious, for private schools, their parents and supporters and other organizations dependent on charitable giving.

At a White House briefing on May 29 by Chief of Staff Regan, Treasury Secretary Baker and Assistant Treasury Secretary for Tax Policy, Pearlman and attended by CAPE staff the morning after the President unveiled his plan, Mr. Pearlman told a questioner that the Administration had not included tuition tax credits in the plan because it "dealt only with current tax policy." He added that the provision for tuition tax credit legislation is in the FY '86 Budget and "the Administration continues to be committed to it."

Of uncertain benefit to the private school community is the centerpiece provision to eliminate the state and local income tax deduction. Although the President hails it as a means of eliminating a gross taxation inequity whereby low tax states subsidize high tax states, a great many private school families live in high tax states (CA, MN, PA, etc.) and are likely to be hurt by this measure. Projections of the increase in the federal tax burden of families in such states suggest that the average family with children in private schools will have a more difficult time with tuition bills. On the other hand, large families probably will not experience the same increased tax load and families living in low tax states may end up with more discretionary income.

The other proposal which clearly puts private schools and the entire private sector at risk is the plan's stated intention of turning most taxpayers into non-itemizers. Reliable estimates indicate that only about 20% of all taxpayers will itemize if the plan becomes

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House Acts on the Civil Rights Bill

The House Education and Labor Committee voted 29-2 to report legislation (HR 700) that would overturn a 1984 Supreme Court decision, *Grove City v. Bell*, which narrowed the scope of Title IX of the 1972 Education Amendments and 3 other civil rights laws. In the 1984 ruling, the Court said that only specific programs or activities that receive federal funds are covered by the laws.

Before approving the measure, members heatedly debated a controversial amendment that would make Title IX of the 1972 Education Amendments neutral on the issue of abortion. Current law has been interpreted to require educational institutions receiving federal funds to include coverage for abortions in student and employee health benefit plans. The amendment would allow institutions to include abortions in health coverage but would not require it. It was adopted by a vote of 18-14. The Committee also adopted an amendment to exempt religiously affiliated institutions from Title IX requirements. Several of CAPE's member organizations, including the United States Catholic Conference and the Lutheran Church - Missouri Synod, were active in advancing one or more of these amendments.

In the House Judiciary Civil Rights Subcommittee's consideration of HR 700, members voted 5-3 to approve the bill but turned down the religious affiliation and anti-abortion amendments. Instead the subcommittee approved a disclaimer amendment which says the act is "not intended to convey either the approval or disapproval of Congress concerning the validity or appropriateness of regulations issued under Title IX of the Education Amendments of 1972 concerning health care insurance or services, or both, for employees and students with regard to abortion."

The next step will be for the the House Rules Committee to work out some of the differences in the two versions of the bills for it to be scheduled for floor action.

The Senate Labor and Human Resources Committee has tentatively scheduled hearings July 17 on companion legislation to HR 700.

Congress Tackles Reauthorization of the Higher Education Act

CAPE has strongly urged Congress to include representation from private pre-college education in those groups which determine national financial aid policies and who develop the system for determining the size of grants.

In recent recommendations for the reauthorization of the Higher Education Act, which were solicited by Congressman William Ford (D-MI) and William Coleman (R-MO), majority and minority chairmen of the House Postsecondary Education Subcommittee, CAPE reflected a long-standing grievance among private school educators about the way colleges treat private school tuition payments of families seeking college financial aid.

Although Congress intended school tuition payments to be treated as straight deductions from family income in calculating the size of a college financial aid grant, the deduction was limited to \$1400 per family (almost all secondary private school tuitions exceed this amount) and could be used only if school tuition costs exceeded 4% of family income.

CAPE with the help of NAIS, USCC and others, worked all last year to change this limitation which, for 1985-86, has been increased to \$2700. Although a distinct improvement, private school representatives find this solution far less than satisfactory. \$2700 bears no relationship to any private school cost. (It is the estimated cost per-pupil in public schools) The intent of Congress is still being ignored and those who make such decisions have virtually no contact with the private school community.

CAPE also urged Congress to establish an on-going Commission to study and annually report on issues which involve both schools and colleges. In its correspondence CAPE said: "It is clear from a "Nation At Risk" and other studies that the problems and condition of education cannot be effectively addressed piecemeal. Schools and colleges need each other. Their health is mutually dependent. There should be national recognition of this fact and visible means put in place to address their mutual interest systematical-

ly and effectively. A small group of major college presidents has been active in this area. Their work is valuable but the scope and importance of the task requires the federally sponsored strategy here suggested."

CAPE is seeking the help of other school and college organizations. Hearings on the Higher Education Act reauthorization will continue through the summer in the House and are expected to begin in the Senate in the fall.

Educators Plan for Martin Luther King, Jr. Holiday

An Education Committee has been formed by the Martin Luther King Anniversary Commission to develop means by which schools, colleges and related institutions can give appropriate attention to the observance of the Federal legal holiday honoring Dr. King on January 20, 1986. In several meetings, the Education Committee decided it will encourage curriculum and/or teaching units on the life and significance of Martin Luther King. Educational organizations, will be asked to give significant attention to this Anniversary through their publications and in mailings, particularly those from November 1985 through February 1986.

CAPE's Executive Director represents private schools on the Committee which is co-chaired by Mary Futrell, head of the National Education Association (NEA) and Lawrence Davenport, Assistant Secretary for Elementary and Secondary Education. Private school educators who have ideas for appropriate ways schools may honor Dr. King, including activities they may have undertaken in their own schools, are invited to share them with the staff at CAPE.

For more information, PLEASE

In the April issue of OUTLOOK we described a tuition-financing plan for Independent School parents which guarantees loans through commercial banks at lower than prevailing commercial interest rates. CAPE has received many requests for more information about the PLEASE (Parent Loans for Elementary and Secondary Education) program managed by The Education Fund. While CAPE is happy to help, the best source of information is The Education Fund, P.O. Box 480, Boston, MA 02117.

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

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law. In a study done for Independent Sector, Professor Lawrence Lindsay of Harvard estimates that this reduction in the number of itemizers will cause a decrease in charitable giving of \$5.6 billion annually. He further estimates that the lowering of marginal tax rates and tax changes in the plan will decrease charitable gifts by an additional \$4.2 billion annually.



Studies have shown that most people do not give to their favorite causes for tax reasons. But the existence of a tax deduction influences the size of a very significant number of gifts and according to Independent Sector causes an increase in giving of 31% over what would be contributed if there were not tax incentives. When giving away money with no tax incentives must compete head to head with spending the same money on one's own interests, the implications are frightening for nonprofit institutions.

CAPE's recent summary of the implications of the tax bill for private schools sent to its Directors included the following thoughts about tuition tax credits: "It is (our) view that because Congress and the Administration will be preoccupied with this tax bill for at least most of the Congressional session, tuition tax credit legislation is unlikely to be considered. In addition there is a growing perception, after 48 hours, that the tax bill could reduce revenues rather than be "revenue neutral". This, if true, obviously reduces the chances of advancing tuition tax credit legislation in this term."

In summary, the tax plan at this early stage of its consideration appears to be a mixed blessing when looked at in terms of the particular interests of private education. On the other hand, one must weigh the benefits to the nation and its families of a system which purports to be simpler and fairer, with a resulting amelioration of the climate for paying taxes and which has the goal of making a significant improvement in national economic health with benefits to all institutions and families.

Legislative Update

Congress returned from its Memorial Day recess to face budget, tax reform and foreign policy issues. At press time a Conference on the budget resolution was

on going. The House May 23 passed a 1986 first concurrent budget resolution that would allow education programs to increase with inflation. The Senate's budget plan, passed May 10, would freeze most programs at current service levels, cut \$200 million each from child nutrition and student financial aid, and cut \$52 million from impact aid.

Congress will be in session until August 4th when it will break for summer recess. It will return on September 4th.

Hearings...

Higher Education Act Reauthorization - Hearings will continue in the House through the summer and will begin in the Senate in early fall.

Tax Reform - Hearings are continuing in the House and Senate tax writing committees on the Administration's plan for tax reform. The Senate Intergovernmental Relations Subcommittee will hold a hearing June 26 on state and local tax deductibility.

1984-85 Exemplary Private School Recognition Project Honors 65 Schools

On June 21, Secretary of Education Bennett, in a joint statement about the outcome of both the public and private secondary school Recognition Projects, said that 65 private schools were selected by the Exemplary Private School Recognition Project managed by CAPE.

These 65 schools represent a wide range of strengths found among private schools nationally. They include 17 secular and 48 denominational schools and include 32 coed, 19 girls' and 14 boys' schools. Thirty-four of the recognized schools are urban, 28 are suburban, and 3 are rural. Twenty-four of the recognized schools have a minority enrollment over 20% and, of these, 13 have a minority enrollment of at least 40%.

After the announcement of the Project in October, in a mailing to the entire private secondary school community, application forms were mailed to all schools expressing an interest in the Project, and of these, 257 completed the 20 page form and entered the Project. Schools applied from virtually every area of private education - secular, denominational, coed and single-sex, day and boarding schools, as well as alternative schools and schools for exceptional children. Schools in 41 states, the District of Columbia, Puerto Rico, and American schools in Egypt and Greece participated.

Applications were screened initially through processes developed by private school organizations represented on the Project Steering Committee. In a second round of the initial screening during a two-day meeting January 30-31 in Washington, D.C., the Steering Committee and a panel of 3 advisors recommended 120 of the applicants for on-site evaluations.

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Two person teams of educators completed site visits between February and May. Altogether, 166 educators served as site visitors for the Project, most of whom were active private school heads and all of whom had had previous evaluation experience. One visitor on each team was highly familiar with the philosophy of the site visited school and the second participated as a generalist. Site visit reports and school applications were read by organizational screeners before the Project Steering Committee and Project advisors met on May 21 and 22 to make their final recommendations.

In announcing the recommendations of the Steering Committee, CAPE stressed that the purpose of the Project is not to identify the "best" schools, but rather to recognize schools which exemplify characteristics that are worthy of wide emulation.

Below are listed those schools recognized by the 1984-85 Project.

Academy of Our Lady, Chicago, IL
Andrews Academy, Berrien Springs, MI
Aquinas High School, New York, NY
Arlington Baptist High School, Baltimore, MD
Brandon Hall School, Dunwoody, GA
Brother Rice High School, Chicago, IL
Calvert Hall School, Towson, MD
Carmel High School for Girls, Mundelein, IL
Colegio San Ignacio de Loyola, Rio Piedras, PR
Concordia Lutheran High School, Fort Wayne, IN
Dade Christian Schools, Hialeah, FL
De La Salle Institute, Chicago, IL
De Smet Jesuit High School, St. Louis, MO
Divine Savior Holy Angels High School, Milwaukee, WI
Elizabeth Seton High School, Bladensburg, MD
Green Fields Country Day School, Tucson, AZ
Greenhill School, Dallas, TX
Hales Franciscan High School, Chicago, IL
Holy Names Academy, Seattle, WA
Holy Names High School, Oakland, CA

Horace Mann School, New York, NY
Incarinate Word Academy, Corpus Christi, TX
Iolani School, Honolulu, HI
Isidore Newman, New Orleans, LA
Kalamazoo Christian High School, Kalamazoo, MI
La Reine High School, Suitland, MD
La Salle College High School, Wyndmoor, PA
Lighthouse School, Chelmsford, MA
Magnificat High School, Rocky River, OH
Marian Catholic High School, Chicago Heights, IL
Marist High School, Eugene, OR
Memphis Catholic High School, Memphis, TN
Mercy High School, Baltimore, MD
Milwaukee Lutheran High School, Milwaukee, WI
Missouri Military Academy, Mexico, MO
Monsignor Kelly High School, Beaumont, TX
Morris Catholic High School, Denville, NJ
Mount St. Mary Academy, Plainfield-Watchung, NJ
Norfolk Academy, Norfolk, VA
Notre Dame Catholic High School, Fairfield, CT
Notre Dame High School, Chicago, IL
Notre Dame Preparatory School, Towson, MD
Notre Dame de Sion, Kansas City, MO
O'Gorman High School, Sioux Falls, SD
Pedro Albizu Campos Puerto Rican High School, Chicago, IL
Pella Christian High School, Pella, IA
Pine Crest Preparatory School, Fort Lauderdale, FL
Polytechnic School, Pasadena, CA
Presentation High School, Berkeley, CA
Punahou School, Honolulu, HI
Regina High School, Minneapolis, MN
Regis High School, New York, NY
Regis Jesuit High School, Denver, CO
Springside School, Philadelphia, PA
St. Ignatius Jesuit High School, Cleveland, OH
St. Joseph's High School, South Bend, IN
St. Joseph's Preparatory School, Philadelphia, PA
St. Mary's College High School, Berkeley, CA
St. Thomas Aquinas High School, Fort Lauderdale, FL
Thayer Academy, Braintree, MA
The Nichols School, Buffalo, NY
The Ursuline School, New Rochelle, NY
Walsh Jesuit High School, Stow, OH
Westlake School for Girls, Los Angeles, CA
Yeshiva High School, Atlanta, GA

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