

# CAPE OUTLOOK

November/December, 1986

Number 125



## Bennett Speaks to CAPE Board on Values

Secretary of Education William Bennett spoke briefly on moral values to the CAPE Board at its annual fall meeting. He said the recent Tennessee text book case is a consequence of the failure of public schools to continue to teach our common values in the way Horace Mann had urged. In the Tennessee case, local parents sued when they perceived that values alien to theirs were being taught. The Secretary said that this case could presage a national "particularization" of values which could create an unwelcome and substantial fissure in our national fabric. As educators we have an overwhelming responsibility to agree on the constellation of values we hold to be important and to teach them well. He suggested that private schools based on their long experience could make a real public contribution by describing how values can be taught and he invited CAPE to take the lead on this project.

Under Secretary of Education Gary Bauer spoke of the absence of values in text books. He said that when publishers realize that "value-added" material is in demand, they will begin to supply it. Assistant Secretary Chester Finn, also accompanying the Secretary, added that private schools should provide a demand for good text books.

In response to questions, the Secretary said values such as honesty could be taught without reference to a particular religion.

At its meeting the CAPE Board also:

- \* Reviewed the legislative picture as it affects private education with the help of Jack Jennings, Counsel to the House Committee on Education and Labor, and Ellin Nolan, staff member of the Senate Subcommittee on Education, Arts and the Humanities. The former gave a Democratic and the later a Republican perspective on the work of the 99th Congress.

- \* Received a briefing on the Tax Reform Act of 1986 as it affects educational institutions from Sheldon Steinbach, General Counsel of the American Council on Education.

- \* Heard and discussed a report on the "Choice" bill, the House Wednesday Group's proposed changes in Chapter 1 (the major federal education program for disadvantaged elementary and secondary school students) from Steve Hoffman, Staff Director and Martin Gerry, General Counsel of the House Wednesday Group.

- \* Learned about a Bicentennial Commission essay contest for secondary school students from Bruce Cohen, a representative of the sponsoring Center for Civic Education.

- \* Approved the application of the Delaware Association of Independent Schools to become a State CAPE.

- \* Discussed private school accreditation issues.

- \* Considered a recommendation to do long-range planning for private education.

## Issues Before the 100th Congress - Taxes to National Service

CAPE decided to look carefully into its crystal ball and tried to see what legislative questions of vital concern to private schools might come before the 100th Congress led by Democrats. We saw several possible new issues as well as some that are old and on-going:

- \* The reauthorization of Chapter 1 and 2 will likely dominate the Elementary and Secondary Education agenda through the spring and fall of 1987 and probably into 1988. (This topic is discussed elsewhere in this issue of OUTLOOK.)

- \* There will be an important tax issue before the Congress - the tax treatment of unrelated business activities of nonprofit organizations. Late in 1983 the Small Business Administration (SBA) issued a report, "Unfair Competition by Nonprofit Organizations with Small Business: An Issue for the 1980's." It claimed that the tax exemption, lower postal rates and other monetary advantages gave nonprofit organizations an unfair edge in areas and activities in which they compete head-on with profit-making counterparts.

Though private elementary and secondary schools are not nearly as involved as colleges and universities with "income producing activities which do not contribute to accomplishing their tax exempt purpose," it is highly likely that any IRS rule changes in the area will cover all nonprofit institutions.

Chairman Dan Rostenkowski (D-IL) of the House Ways and Means Committee is gearing up for hearings on this issue in the next session of Congress. His press release announcing this made clear his strong predilection to "come down hard" on unfair competition

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## What's Up in Congress (continued from page 1)

with small businesses on the part of nonprofits. (N.B. On behalf of its members CAPE will be circulating a questionnaire to learn more about practices relating to unrelated business income among private schools. Little information now exists.)

\* A new kind of tax is a remote possibility. Because of the President's adamant refusal to raise taxes despite record annual deficits, some in Congress will be looking for politically viable ways to raise more revenue without incurring the Presidential veto. They are looking at a scheme that is less visible and painful than the personal income and sales tax. For some, VAT, the Value Added Tax, is the answer. It's been lurking around Congress for a long time although nobody wants to get too close to it. In Europe VAT has been a popular way to raise government revenue for many years. Simply put the value added tax is a tax, say 10%, on all labor and materials of manufactured goods collected at the source. In Europe rates are 16% and up. Advocates say its beauty is that no one will see it. Detractors say every consumer will feel it through higher prices. Many complain that it won't be universal because many organizations will be exempt. All agree it will raise product costs. And this will hurt people and institutions (like private schools) on tight budgets.

Few expect this tax plan to pass soon but the private school community should be aware that it is going to be debated and, if its backers see any daylight ahead, they will push hard to pass this or similar legislation to help raise needed additional revenues to redress the present serious budget imbalance.

\* It is likely there will be revised interest in a proposal to establish a period of National Service. A number of educators see this as a partial solution to the serious youth employment problem. Others concerned with the quality of military recruits view it as a means to develop a stronger body of potential servicemen and women. And others who are alarmed by the dominating me-first attitude of our society, see national service as a means to help redress personal priorities.

*National Service*, a recent Ford Foundation study by Peter Szanton and Richard Danzig, analyzes the idea by offering four specific examples of how it might work: A school based national service program (a number of schools now require service for graduation); a military draft based service; a program of voluntary service; and a period of universal service.

The study assesses carefully the pros and cons of each model and concludes that much too little is still known to help the nation make up its mind about national service.

Nevertheless, as the authors point out, "national service is an ideal, not a program" and as such it is sure to again capture the attention of Congress and potential candidates in a pre-election period. (OUTLOOK plans a critique of school-based national service in a future issue.)

## Capenotes

On behalf of its constituency CAPE has...

...been notified by the Environmental Protection Agency (EPA) that applications for loans and grants under the Asbestos School Hazard Abatement Act will no longer be sent directly to all schools. Instead, EPA will send a memorandum of invitation sometime between December 15 and January 1st, informing schools about this year's funding allocation for abatement projects. Schools interested in applying will need to call or write to EPA for the application materials. Schools will be asked to complete the application and send it to the State Governor or designated representative by the end of January.

...met with representatives from EARTHWATCH, an international nonprofit organization that matches volunteers with scientists doing field research around the world, to learn about its work and fellowships opportunities for teachers. Full time elementary or secondary school teachers are invited to apply for funding to participate on EARTHWATCH expeditions. Fellowship recipients will participate in one of the 100 field research expeditions worldwide. Teachers will join small teams for two to three week expeditions. Teams are scheduled throughout the year, with many in the summer months. For application and information write: Earthwatch Educational Grants, Box 403, Watertown, MA 02172.

...launched its annual fundraising campaign. Tax deductible gifts to CAPE make it possible to balance its annual budget.

...announced that the report on the Private Elementary School Recognition Program will be released at the end of December. For copies send a written request to CAPE, Recognition Program, 1625 Eye St., NW, Suite 822, Washington, D.C. 20006.

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**COUNCIL FOR AMERICAN PRIVATE EDUCATION/1625 Eye Street, N.W., Washington, D.C. 20006**

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

Robert L. Smith, *Executive Director*; Kellen Flannery, *Editor*; Jay Roudebush, *Art Editor*

**(202) 659-0016**

[ISSN 0271-1451]

Outlook is published monthly (September through June) by the Council for American Private Education. Annual subscription \$10. Council members: The American Lutheran Church • American Montessori Society • The Association of Evangelical Lutheran Churches • Association of Military Colleges and Schools of the U.S.A. • Christian Schools International • Friends Council on Education • Lutheran Church-Missouri Synod • National Association of Episcopal Schools • National Association of Independent Schools • National Association of Private Schools for Exceptional Children • National Catholic Educational Association • National Society for Hebrew Day Schools • Seventh-day Adventist Board of Education, K-12 • Solomon Schechter Day School Association • U.S. Catholic Conference • Associated state organizations in Arizona, California, Connecticut, District of Columbia, Florida, Georgia, Illinois, Indiana, Kansas, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oregon, Puerto Rico, Rhode Island, Tennessee, Texas, Virginia, Washington and Wisconsin.

## The Constitution Is Not Just For Lawyers - Announcing a Contest

In commemoration of the Bicentennial of the Constitution, the U.S. Department of Education will be announcing shortly, through a letter to all private and public elementary school principals, an essay contest for elementary school students.

Students in grade groups 1-2, 3-4, 5-6 and 7-8 will be able to submit essays of up to 250 words for consideration in their age group on the topic "What the Constitution means to me and to our country."

Fifty essays will be ultimately selected in the late spring by a panel of reviewers in Washington, D.C. for inclusion in a book which will reside in the Library of Congress with limited copies available for sale.

Each private school, responsible for judging its own entries; may submit up to four essays (one from each age group) to CAPE. CAPE, as the private school coordinator for the Program will, in turn, forward all essays to the private school associations of which school entrants are members. These essays will be judged and a smaller number will be sent back to CAPE for forwarding to the Department of Education for final consideration.



The Department of Education expects to mail its letter announcing the program by the end of November. The Department emphasizes that this is a special year in the life of our Constitution and that those involved in the Program will find it a rewarding service for the public good. For additional information contact: Ted Sharp or Linda Rusthoven, c/o Office of Deputy Under Secretary, OIIA, Room 3073, 400 Maryland Ave., S.W., Washington, D.C. 20202; 202-245-7904.

[Please note: Each envelope containing private school essays must clearly show on the outside the name of the school and the national private school association, if any, to which it belongs.] It should be addressed to the National Elementary School Essay Contest, c/o CAPE, 1625 Eye St., NW, Suite 822, Washington, D.C. 20006.

## Legislative Update

The 99th Congress adjourned on October 18, 1986. The 100th Congress convenes on January 6, 1987 when new members are sworn in. The next session is likely to be busy for those members involved in education legislation.

Early in the next session, the Chairman of the House Committee on Education and Labor, Augustus Hawkins (D-CA), is expected to propose legislation that will extend Chapter 1 and Chapter 2 and nearly all major education programs except vocational education. The House subcommittee on Elementary, Secondary and Vocational Education will hold extensive hearings beginning in January and has asked all interested organizations, including CAPE and some of its member associations, to submit possible revisions to Chapter 1 legislation by January 1. The subject of vouchers is likely to be discussed during the the Chapter 1 reauthorization process even though there has not been much visible support on Capitol Hill for the Administration's TEACH bill or the CHOICE bill proposed by a group of moderate House Republicans. Although the Administration doesn't plan to reintroduce its TEACH bill in the same form, it does intend to propose a Chapter 1 reauthorization bill. Department spokespersons have suggested that it may propose revising the selection criteria to concentrate Chapter 1 aid on students most in need, strengthening parental involvement and improving services to private school students.

In its last months, the 99th Congress acted on several education measures. The President signed four reauthorization bills — the Child Nutrition Act, the Education of the Handicapped Act, the Higher Education Act, and the Rehabilitation Act. Two other education related laws were signed — the Asbestos Hazard Emergency Response Act and the Drug Abuse Education Act. To request copies of these new laws write: Document Room, Hart Senate Office Building, Washington, D.C. 20510. One free copy of up to six items will be provided.

## Bills Signed into Law...

**Education of the Handicapped Act Reauthorization - P.L. 99-457.** The law reauthorizes the Act for 5 years and extends it to cover children from birth to 2 years of age and from 3-5 years.

**Higher Education Act Reauthorization - P.L. 99-498.** The law reauthorizes higher education programs, including student aid programs, for 5 years. It includes important provisions for private education (refer to the October issue of OUTLOOK # 124)

**Asbestos Hazard Emergency Response Act - P.L. 99-519.** The law requires the Environmental Protection Agency to write new standards for asbestos inspection, management and abatement.

**Drug Abuse Education Act - P.L. 99-570.** The law authorizes \$200 million for drug abuse education programs in 1987, with 83% of the funds allocated for elementary and secondary programs.

**Rehabilitation Act Reauthorization - P.L. 99-506.** The law reauthorizes the Rehabilitation Act for four years, creates a state grant program to enable handicapped people to find and retain jobs, and allows individuals to sue state agencies in federal court for violations of federal statutes prohibiting discrimination.

## A New Era of Leadership in Congress

With the Democrats' stunning gain of 8 seats in the November 4th elections, the Republican Party's six-year reign in the Senate has come to an end. For the 100th Congress getting underway in January, the new party line-up is 55 Democrats and 45 Republicans. The old ratio had been 53 Republicans, 47 Democrats. In the House, Democrats retained their majority, picking up 5 seats, making a total of 258 seats to 174 for Republicans (3 seats are still undecided at press time). Democratic control of both houses of Congress will set the stage in the 100th Congress for either confrontation or accommodation with the President. Expectations are that at least initially the Democrats will try to set their own agenda rather than follow that of the President.

The newly-elected Senators will shift that chamber slightly to the center ideologically. However, many committee chairs will be turned over to Southern conservatives or moderates who are not likely to propose agendas that are much different from those of their predecessors. And many Senate Democrats who have their eye on the 1988 Presidential campaign are eager for the advantage their party's return to power may bring.

In a move to quickly reassert control, the Senate Democrats met on November 20 to elect their leaders, to organize the process for setting the size of committees and for selecting new members and to begin drafting a legislative agenda for the next Congress. Senator Robert C. Byrd (VA) ran unchallenged for Majority Leader; Alan Cranston (CA) was re-elected as Democratic Whip and Daniel K. Inouye (HI) will hold the post of secretary of the Democratic Conference. The Majority Leader also serves as chair of the Democratic Conference and chair of the Steering Committee which makes Democratic committee assignments. In most committees, the Democrat who was the ranking

minority member in the 99th Congress will assume the committee chair.

The Republican leaders in the Senate will be the same as in the 99th Congress — Senator Robert Dole (KS) as Minority Leader; Senator Alan Simpson (WY) as Whip; and John H. Chafee (RI) as Conference Chair.

Party ratios on the Senate committees will be negotiated by the leaders of the two parties. With its 55 seats, the Democrats are expected to seek a 2 seat majority on each committee. In the Senate committee with jurisdiction over education, the Committee on Labor and Human Resources, Edward M. Kennedy (D-MA), will take over from Orrin Hatch (R-UT) as its head. (Kennedy had considered chairing the Judiciary Committee. In the Education, Arts and Humanities subcommittee Claiborne Pell (D-RI) will take the reigns from Robert T. Stafford (R-VT). Both, historically, have been staunch advocates of education programs. Lawton Chiles (FL) will chair the Budget Committee, while John Stennis (MS) will take the helm at Appropriations.

The leadership in the House will also be undergoing changes with the retirement of Speaker Thomas P. (Tip) O'Neill (MA). Current Majority Leader Jim Wright (TX) is expected to move up to the Speakership and Thomas Foley (WA), currently the Whip, is favored to become the new Majority Leader. Tony Coelho (CA) and Charles Rangel (NY) are engaged in the only contested race for the leadership post of Majority Whip.

The first educational order of business when Congress convenes is sure to be federal budget targets for education programs which were set by the last Congress for FY '87 at \$19.2 billion. The reauthorization of Chapter 1 and Chapter 2 is likely to be a major issue along with adult literacy. High on the priority list of many members is drop-out prevention. Other education programs that expire and will be considered in the 100th Congress include math/science, bilingual education and impact aid.

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1625 Eye Street, N.W.  
Washington, D.C. 20006