

CAPE Council for American Private Education outlook

"Voice of the Nation's Private Schools"

March 1991 Number 169

Council Members: American Montessori Society • Association of American Military Colleges and Schools of the U.S. • Christian Schools International • Evangelical Lutheran Church in America • 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 • **Affiliated state organizations in:** Arizona, California, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, New York, North Dakota, Oregon, Puerto Rico, Rhode Island, Tennessee, Texas, Virginia, Washington, and Wisconsin

School Fundraising Affected by Tax Issue

The education community as a whole depends on philanthropic alumni and friends to contribute to fundraising campaigns which provide for scholarships, new facilities, building renovations and numerous other needs and activities of the institution. However, a relatively quiet tax code change in the 1986 Tax Reform Act is seen as having major ramifications on the fundraising ability of educational institutions, including private secondary schools.

Gifts of More than Just Money

Typically, schools call on their alumni, friends and the business community to donate or pledge monetary gifts for fundraising drives. Many donors choose to make "noncash" contributions of property as well, such as stocks, real estate, art works or other valuable property.

Before the Tax Reform Act of 1986, taxpayers who made "noncash" contributions to charity could take a tax deduction for the fair market value of that property. For example, if a person purchased stocks for \$1,000 in 1980, which increased in value to \$5,000 by 1985, he or she could donate that stock in 1985 to an educational institution and deduct the \$5,000 from his or her income.

In 1986, the Congress' change to the Internal Revenue Code significantly limited the number of taxpayers who could

fully deduct the **appreciated portion** of such gifts from their income. Certain higher income taxpayers are subject to what is called the "Alternative Minimum Tax" (ATM).

In the '86 Act, Congress legislated that those taxpayers who file under the ATM could **not** deduct the full value of their gifts of appreciated property. In effect, this removed a major incentive for many higher income taxpayers to give large donations to non-profit, tax exempt organizations.

CAPE Gets Involved

Sensing the growing and future importance of broad-based fundraising within the private secondary school community, CAPE has lent its support to removing gifts of "appreciated property" from the alternative minimum tax, and protect the fundraising opportunities for schools.

In a letter to Senator David Boren (D-Oklahoma), sponsor of legislation to treat such gifts as they were before the Tax Reform Act, CAPE Executive Director Joyce G. McCray wrote that with gifts of stock, real estate, and other property, "donors can provide important support to fundraising efforts of our schools." Citing tax incentives as "one of the most powerful motivations for giving", McCray went on to explain that "the secondary private school community is in need of the tools which will help them build fundraising campaigns to finance capital improvements, financial aid, special

projects and general operations". The entire letter was reprinted in the *Congressional Record* at Senator Boren's request at the time of his bill's introduction.

Broad Coalition Support

Since 1986, there have been efforts in Congress, supported by the non-profit community, to reverse the change of tax treatment for gifts of appreciated property. A coalition working to convince Congress to change the law to pre-1986 standing is made up primarily of higher education organizations and institutions as well as philanthropic nonprofits like the Salvation Army and the Nature Conservancy.

The National Association of Independent Schools (NAIS), a CAPE member organization, has been extremely active on the issue for the secondary school community. However, with increasing sophistication of fundraising strategies in more private high schools and the growing interest of CAPE member organizations, private education leaders have more apprehension about the issue. CAPE expressed that concern in the McCray letter by stating that "only with the restoration of the previous benefit ... will educational institutions be able to have fully functioning development offices."



Window of Opportunity

Last year, for the first time, efforts to restore the tax benefit met with some success with the allowance of gifts of "tangible" property, such as art work or manuscripts, to be fully deductible as they were before the '86 Act. The measure was primarily the product of an "eleventh hour" compromise offered by Senator Daniel Patrick Moynihan (D-New York), who was able to convince his fellow members of the Senate Committee on Finance to give this limited allowance by way of the deficit reduction legislation.

This provision was only authorized for the tax year 1991 after House/Senate negotiations. It does however create a legislative opportunity to press for an expansion of the kind of gifts that would be allowed to be fully deductible. Hearings will be held in the House Ways and Means Committee next month on this and other "expiring provisions", those sections of the tax code which are due to discontinue after the current tax year.

The Senate bill, S. 359, was introduced February 5 by Boren with Senator Moynihan and eight other colleagues. A House companion bill should be introduced soon by Rep. Tom Downey (D-NY) and Rep. Bill Gradison (R-OH).

With the growing need of private secondary schools to expand and enhance their fundraising efforts, tax code incentives are important implements to their success. CAPE will continue to monitor and support legislation to provide such incentives, including efforts to remove gifts of appreciated property from the alternative minimum tax.

NAIS Selects New Head

The board of trustees of the National Association of Independent Schools (NAIS) named Peter D. Relic as the new president on February 11. He will take office August 1, succeeding John Esty who has headed NAIS since 1978.

NAIS, with 1,000 member schools and associations, is the national advocate for independent pre-collegiate education as well as a member organization to CAPE. The NAIS president serves on the CAPE

board of directors.

Relic, 54, currently scholar in residence at the Belmont Abbey College in Belmont, North Carolina, has headed three public schools districts, most recently as superintendent of schools in Charlotte, North Carolina. From 1980 to 1987, he ran the school system in West Hartford, Connecticut, and was superintendent for the Hamilton City School District in Hamilton, Ohio in the mid-seventies.

Relic's experience in private education includes service as principal of the Kyoto International School in Japan in the late sixties, and as principal of the upper division of Hawken School, a well-known independent school on the outskirts of Cleveland, Ohio, from 1963-1968. He has extensive teaching experience as well.

Joyce G. McCray, CAPE executive director, congratulated Relic in a telephone conversation shortly after the NAIS announcement of his selection. McCray said, "We look forward to welcoming Peter this fall and to his strong support of CAPE's activities and mission as president of NAIS."

The new association president will be based in the NAIS Washington, D.C. office. He is familiar with the education establishment in the capitol city, having served as Deputy Assistant Secretary and Acting Assistant Secretary for Education at the U.S. Department of Health, Education and Welfare during the Carter Administration. NAIS is planning to move all of its offices from Boston to Washington in the next few years.

Regarding his basic philosophy to guide him in his new role, Relic commented that "It is essential that in anything we do in the independent school world -- on our campuses, in our communities, and in our work in state and federal capitals -- that we think about the health of the entire American society and the best possible education for the greatest number of children."

Legislative Update:

NBPTS Tries Again

The National Board for Professional Teaching Standards (NBPTS) would receive \$25 million over four years with the passage of S. 457, by Senator Christopher

Dodd (D-Connecticut). The grants would be used for research and development of assessments for voluntary national teacher certification.

Senator Dodd, who introduced the legislation on February 21, asked his colleagues for support of the measure to "make a Federal commitment to one of the most important initiatives aimed at raising the standard of American education being undertaken in our country today."

Dodd explained the Board's goal as "developing exemplary standards for teachers and devising state of the art methods for assessing those standards". He emphasized that Board certification would be voluntary and would not interfere with state licensing or certification standards.

The bill is identical to the measure passed by the Senate in February 1990 as a part of the President's Educational Excellence Act, which gained final approval by a vote of 92 to 8. That omnibus legislation however failed to pass in the waning days of the 101st Congress, due to conservative Senate Republican opposition.

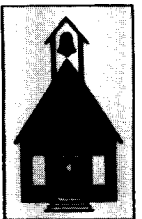
The legislation has been referred to the Senate Committee on Labor and Human Resources for consideration.

Parental Leave

The "Family and Medical Leave Act", which was vetoed by President Bush in the previous session of Congress, has again been introduced as H.R. 2 this year by Representative William Clay (D-Missouri). The measure was the subject of a House Subcommittee on Labor-Management Relations hearing in late February with full committee consideration expected on March 19.

The legislation would mandate that businesses give up to 12 weeks of unpaid leave to an employee at the birth or adoption of a child, or when a child, spouse or parent is seriously ill. While the bill exempts any entity which employs less than 50 workers, it does expressly include any local educational agency as well as "any private elementary and secondary school".

The proposal guarantees employers must maintain the job for a worker on such family or medical leave. While the business is not required to pay salary during



the leave, it must continue to maintain the health benefits of the employee.

A companion bill in the Senate, S. 5, was introduced on the first day of the Congress by Senator Dodd with 33 co-sponsors.

"Kiddle Tax" Fairness

Legislation introduced by Representative Bill Emerson (R-Missouri) would allow income of a child which is used for the educational expenses of that child, to be taxed at the child's rate, instead of that of the parents.

The bill, H. R. 86, would amend the tax law to give such an allowance for "qualified tuition and related expenses" at higher education institutions. Protections built into the bill would add a 30 percent surtax in cases where the funds are not used for educational expenses as well as when the "child" taxpayer attains the age of 24.

Friend to Education Dies . . .

Representative Silvio Conte (R-Massachusetts), ranking minority Member of the powerful House Appropriations Committee, died February 8, after serving 32 years in Congress. He died two days after surgery to remove a blood clot from his brain.

Conte was honored just last fall for his support for the education community at a Committee on Education Funding (CEF) banquet with its Distinguished Service Award. Edward Kealy, CEF President, in an *Education Daily* interview, said Conte "had a genuine enthusiasm for the need for strong appropriations for education".

. . . Another Resigns

Another key Congressional leader on the House Select Education Subcommittee announced his resignation to run for mayor of Dallas. Representative Steve Bartlett (R-Texas), 43, will formally resign once the election date for the city of Dallas has been set.

Bartlett has a strong interest in special education. As a proponent of transition programs for disabled students, Bartlett played a key role in Congress' consideration of the Individuals with Disabilities Education Act.

Bartlett will be replaced in a special election to be set by Texas Governor Ann Richards, or in the next election on May 4.

Earning by Learning

House Minority Whip Newt Gingrich (R-Georgia) introduced a bill to authorize Chapter 1 funds from Elementary and Secondary Education Act (ESEA) to provide monetary compensation to students for reading and reporting on books. In a January 9 statement, Representative Gingrich referred to the West Georgia College in Carrollton which designed a pilot program for elementary students called "Earning By Learning".

Over the summer of 1990, the program for third and fourth graders rewarded 282 students \$2 for every book they read and reported on to an adult volunteer. By the end of the program, 3,801 books were read, at a total cost of \$7,602. One 10 year old student was paid \$166 for reading 83 books over the time period.

H.R. 95, introduced on the first day of the Congressional session, would amend the ESEA's Chapter 1 program to make projects like "Earning by Learning" an allowable expense for any public elementary or secondary school in the United States.

The legislation, which was referred to the House Committee of Education and Labor, has not yet been scheduled for hearings.

CAPE Legislative Conference, March 19-20

For the first time in its 20 years, CAPE will undertake an organized effort to have leaders and educators from its member organizations visit key Congressional Members on Capitol Hill to discuss important issues to private education. The CAPE Legislative Conference will allow time on Wednesday, March 20 for conference participants to meet with Members of Congress.

Appointments for the participants were requested by CAPE with over 40 Congressmen who represent those participants, indicating the wide cross section of CAPE conferees. Issues to be discussed include educational choice, appreciated property tax legislation, and other education funding and reform proposals.

The next issue of OUTLOOK will focus on the CAPE Legislative Conference and 20th Anniversary Reception, with a full report on the success of Hill visits.

Capenotes:



Two public education groups have petitioned the Supreme Court to review a First Circuit Court of Appeals ruling that prohibited graduation prayers. The National School Boards Association and the National Association

of State Boards of Education have filed a friend-of-the-court brief urging the review of Lee vs. Weisman by the high Court.

In that decision, the Circuit Court ruled that a Providence, Rhode Island school district policy of allowing clergy to give invocations and benedictions at graduation ceremonies was a violation of the separation of church and state.

The two organizations, while taking no official position on the issue due to division within their own membership, have asked for the Courts ruling due to conflicting decisions in other circuits. In 1980 for instance, the Second Circuit Court declared that brief, annual appearances of clergy at a graduation gave "no image of official state approval" of religion.

Typically, such church/state issues have had to face a three-part "Lemon" test - named for the 1971 Lemon vs. Kurtzman case of a similar nature. The three standards of the "Lemon" litmus test consider a practice permissible so long as it involves no secular purpose, does not advance nor inhibit religion, and does not foster excessive entanglement with religion.

ACTION, Volunteers in Service to America, invites applications for Student Community Service grants. The grants will be directed to secondary schools whose student volunteers engage in projects to enhance their education and combat local poverty.

First year grants of \$20,000 will be awarded. However, grantees must contribute at least \$3,000 per year. Second and third year grants will be \$15,000 and \$5,000 respectively.

For more information, contact Diana London, ACTION, Volunteers in Service to America, 1100 Vermont Avenue, N.W., Room 8100, Washington, D.C. 20525 or call (202) 401-4399.

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Teachers can explore an immense classroom of learning opportunities through Matthew Lesko's new book titled *Lesko's Info-Power*. Educators can get information and materials more current and more creative than in textbooks. Further, they can get it all for free --- from the government.

The Lesko reference guide lists where to contact the government to get everything from free handouts, course material and videos to lunar rocks to bring to the classroom to free art exhibits for schools. Additionally, there are several listings for professional opportunities for teachers.

Info-Power lists thousands of information sources at the federal and state level. The 1086-page resource book contains over 30,000 sources of money, help, and information for educating in the '90's. It is available from the publisher for \$33.95 plus \$4.00 postage and handling. To order, call toll free, 1-(800)-32-LESKO.

The Education Department's Fund for the Improvement and Reform of Schools and Teaching seeks applications for the **FIRST Schools and Teachers Program**, school-level projects to refocus school priorities and reallocate resources to improve services.

Grantees will be given competitive preference for projects that increase access to quality education and develop or imple-

ment an incentive system for schools, administrators, teachers, students or others working toward specific goals of education performance. The Department has \$1.4 million for school-level and other projects. The application deadline is April 26.

For more information, contact: Carl Jensen or George Harris, Department of Education, Fund for the Improvement and Reform of Schools and Teaching, 555 New Jersey Ave., NW, Room 552, Washington, D. C. 20208, or call (202) 219-1496.

A recent survey entitled "**Giving and Volunteering in the United States**" shows an increase in the number of Americans offering their time and services for others. The study, released by Independent Sector, a nonprofit coalition of over 800 corporate, foundation and voluntary organizations, revealed that 54 percent of Americans volunteered to various causes, up from 45 percent two years ago in 1988.

The review also looked at those who contribute to those causes. It showed the biggest increase of donors among the 35-44 age group, where 86 percent reported to give to charities, up 9% from 1988.

Further, the study supports the contention of others who have found that people are more likely to volunteer when asked to do so directly. The report disclosed that 87% of those asked directly by a volunteer

coordinator or organizer to help with a project, actually volunteered.

Independent Sector (IS), of which CAPE is a coalition member, has also published its first report on "Giving and Volunteering Among Teenagers, 14-17 Years of Age". Both studies are available from Independent Sector for a charge by calling (202) 223-8100, or writing IS at: 1828 "L" Street, NW, Washington, D. C. 20036.

The **National Diffusion Network (NDN)** held its annual meeting in Washington in mid-February with the participation of the NDN Private School Facilitator Project. In addition to meetings of the nationwide network of state facilitators and program officers, the NDN Advisory Committee to the Private School Facilitator also met.

Project Director Dr. Charles Nunley reported to the Committee that private school "adoptions", those teachers utilizing NDN programs, rose to 3,030 in the 1989-90 school year.

The Private School Facilitator Project is an effort undertaken by CAPE to increase the participation of private schools in the National Diffusion Network. NDN is a body of over 400 educational programs validated by the Department of Education as educationally effective, cost-efficient, and replicable. For more information on NDN, contact Dr. Nunley at (202) 659-0177.

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