

cape Council for American Private Education outlook

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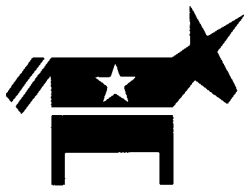
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Clinton and Republicans Announce Education Agendas

With voters so attracted to education these days, it was no surprise that President Clinton and Congressional leaders reserved a prominent place for school-related issues when they recently announced their respective legislative priorities for 1998. In his State of the Union address, the President offered proposals to reduce class size, build or modernize schools, expand after-school care, and help disadvantaged children go to college. The Republicans spelled out their own plans for education, which featured school choice, A+ Accounts, and block grants. What follows is a brief review of both agendas, with particular emphasis on how they relate to youngsters in private schools.

The President's Plan

President Clinton stayed busy during the last week of January and the first week of February announcing a host of ambitious and expensive education initiatives. In a welcome sign of outreach to the private school community, a number of his new proposals include components that apply to private school students.



High Hopes

Take, for example, the High Hopes program, which, as described in the State of the Union speech, is designed to "enlist colleges and universities to reach out to disadvantaged children, starting in the 6th grade, so that they can get the guidance and hope they need...to go on to college." At a White House briefing on the proposal, aides announced that private schools serving low-income students would be able to participate in the college-school partnerships funded by the program. In fact, the proposed legislation would require grant recipients to invite eligible private schools to participate.

The \$140 million competitive grant program would enable colleges to form partnerships with schools that serve at least 50 percent low-income youngsters in 6th or 7th grades. The program would follow students through high school, encouraging them to strive for college and ensuring that they have the rigorous academic preparation to do so. Mentors, tutors, financial aid information, and other support services would be provided to help students "stay in school and study hard."

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The Republicans' Plan

In the Republican response to the State of the Union speech, Senate Majority Leader Trent Lott advanced an education agenda whose centerpiece is school choice for "low-income families whose children are stuck in dead-end, drug-ridden schools." Lott called choice in education "the first and most important step to launching an era of education renewal."

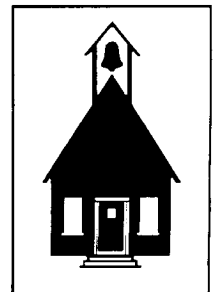
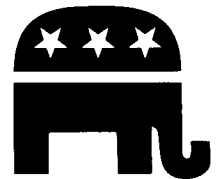
In an attempt to get a jump on the issue and steal the education spotlight from the President, Senate Republicans actually unwrapped their package of proposals at a news conference a week before the President's speech. Ranging from vouchers to block grants, the proposals were brought together under the banner *Better Opportunities for Our Kids and Schools* (BOOKS).

A+ Accounts

At the top of the education list is Senator Paul Coverdell's (R-GA) proposal for A+ Accounts, an education savings account which parents, relatives, or friends could use to save for a child's education in a public or private school (see page 2). Withdrawals, including the interest earned, would not be taxed if used for qualified expenses, which include tuition.

Another part of the GOP package is a variation of last year's block grant proposal. The 1998 scaled-back version would combine certain federal programs,

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Of all the President's new initiatives, the one getting the most attention is his proposal to reduce class size in grades 1-3 by hiring 100,000 new teachers over the next seven years. While the hiring piece applies to public schools only, a component of the plan calls for some of the new spending to be used for professional development. Private school teachers would be able to benefit from that part.

Opportunity Zones

The Administration also proposes to invest \$200 million this year in an Education Opportunity Zone initiative to help raise achievement in high-poverty urban and rural public schools. As is the case with Goals 2000, materials and teacher training opportunities that a district develops under this program would be made available upon request to staff in private schools.

Other new Clinton initiatives that relate to private schools include:

- a teacher training in technology program, which calls for the equitable participation of private school teachers, and
- a \$50 million program to provide school coordinators to assist in implementing Safe and Drug-Free Schools programs in middle school grades in public and private schools.

On the downside, the President's proposed education budget calls for the elimination of Title VI of ESEA, which provides instructional materials and programs that benefit students in all schools, public and private. Fortunately, Congress has ignored the Administration's advice on this matter in recent years and is likely to do so again.

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including Goals 2000, the Technology Literacy Challenge Fund, and Safe and Drug Free Schools, into a \$3 billion direct grant to states, with the money used for the education priorities that each state deems appropriate. Unlike last year's proposal, this one would not encompass Title I or Title VI and is said to include some provisions concerning the participation of children in private schools.

Safe Schools

Also on the Republican list is a five-year voucher demonstration program to give low-income students who attend "unsafe" schools the chance to attend other schools — public or private. Between 20 and 30 pilot programs would be funded nationally at a first-year cost of \$75 million. The program defines "unsafe school" as one which has "high rates of criminal, drug, and/or disciplinary problems."

Other items include:

- a teacher and student safety program, which includes a provision that would permit federal funds to be used to allow a student victim of a violent crime to attend another school — public or private, and
- a \$9.3 billion increase (over six years) in funds for IDEA. An increase in the federal share of IDEA funding would help mitigate the damage done to private school youngsters as a result of the recent change in IDEA which stipulates that school districts need only use a proportionate share of federal special education funds, and need not use a proportionate share of state and local funds, when serving private school students with special needs.

Act Now for A+ Accounts

This action alert was prepared by CAPE and other private school groups for joint use.

At a time when tax relief is routinely available to help parents with the costs of child care and college, Congress now appears poised to provide such relief to help parents with the costs of elementary and secondary education. Within a stone's throw of the goal. Congressional leaders seem determined to secure the votes needed to approve A+ Accounts, also known as education savings accounts, early in the 1998 session.

The outcome will likely hinge on the votes of a handful of senators. This past fall the House approved the *Education Savings Act for Public and Private Schools* (H.R. 2646) by a comfortable margin (230 to 198), but the Senate fell four votes shy of the 60 needed to end a Democratic filibuster of the proposal. If just four more senators can be convinced to support the measure and if current supporters can be convinced to hold firm, the legislation's approval would seem certain.

How would A+ Accounts work?

The proposed legislation would expand college education savings accounts, which were established as part of the *Taxpayer Relief Act of 1997*. The proposal would increase the maximum allowable annual contribution from \$500 to \$2,500 and would allow the accounts to be used not only for college costs, but also for expenses associated with K-12 education in public, private, religious, or home schools.

Although contributions to A+ Accounts would not be tax deductible, the interest that would accumulate would be tax free and withdrawals would not be subject to taxation if



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Hear School Choice Advocates from Both Parties



Sen. Joseph Lieberman
Democrat, CT

CAPE Conference

March 17-18

Westin Hotel

Washington, DC



Sen. Paul Coverdell
Republican, GA - Invited

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used for qualified expenses, which include private school tuition.

Who could establish an account?

Almost any individual or corporation could establish an A+ Account for a child, though each child could have only one account established in his/her name with a total maximum annual contribution of \$2,500. Thus, grandparents, relatives, and friends could set up an A+ Account, and corporations could use them as a way to assist with the education of low-income children. As is the case with existing college education IRAs, certain high-income taxpayers would be disqualified from contributing to the accounts.

Who would benefit?

According to estimates released by the Joint Committee on Taxation, 14.3 million people would take advantage of the accounts by the year 2002, and 10.8 million of those would be parents with children in public schools. Over a five-year period, taxpayers would save a total of approximately \$2.6 billion, with 70 percent of that amount (\$1.8 billion) going to taxpayers with annual incomes of \$75,000 or less, and 46 percent of the total (\$1.2 billion) going to taxpayers with annual incomes of \$50,000 or less.

Senator Paul Coverdell (R-GA), who first proposed A+ Accounts, has pointed out that if a parent were to place \$2,000 each year in an A+ Account starting in a child's first year, then, assuming a 7.5% interest rate, \$14,488 would be available by the first grade; \$36,847 by the time the child starts junior high school; and \$46,732 when the child starts high school. A family where each parent earns \$35,000 annually could reduce its tax obligation by an estimated \$5,000 by the time the child reaches age 14.

Parents who were to use the accounts solely for a child's higher education would benefit from the provision that increases the annual allowable contribution from \$500 (the current maximum) to \$2,500. In short, A+ Accounts would have many beneficiaries.

Sound Public Policy

Even though it only amounts to tax-free interest on savings, the tax relief provided by A+ Accounts is significant in that it encourages parents to invest in their children's education and attempts to ease the burden they face with the costs of K-12 education. The program is, after all, driven by the same principles that drive tax relief to offset child-care costs, college costs, and a host of other costs that lawmakers consider when they try to equalize the tax burden. Assistance to citizens who shoulder an extra weight in pursuit of a public good has long been considered sound public policy. Isn't it time for some form of assistance to help parents with the costs of elementary and secondary education?

It is hard to imagine a more fundamental obligation for parents than that of directing the proper upbringing of their children. Education savings accounts would provide parents some practical assistance with this awesome responsibility and would encourage them and others to invest generously in education. Is any investment more important?

What You Can Do

With so much in the balance and the outcome so close, you should contact your two senators today and urge them to support A+ Accounts. Encouragement from enough constituents can make a supporter out of a soft opponent and can make a wobbly position resolute.

You can write to or call your senators using the following address and phone number:

**The Honorable (name)
U.S. Senate
Washington, DC 20510
Phone: 202-224-3121**

A+ Myths & Facts

Sensing the significance of public policy that for the first time ever would provide parents a measure of federal tax relief to help them with the cost of tuition, opponents of A+ Accounts have attempted to cloud the issue with baseless claims. Here are a few of the myths and facts about A+ Accounts.

Myth: *The program would undermine public education.*

Fact: The Joint Committee on Taxation has estimated that the vast majority of families signing up for the accounts would be those with children in public schools. A+ Accounts would promote, not undermine, the education of the public by encouraging parents to invest in, and support, programs and materials essential to their child's learning. The result could be billions of new dollars invested in education.

Myth: *A+ Accounts amount to a give-away to the wealthy.*

Fact: Not so. The legislation uses the same income-eligibility standards as the existing college education savings accounts, which were generally hailed as middle-class tax relief when they were established last year. The Joint Committee on Taxation has determined that 70 percent of the benefits associated with the accounts would go to families with annual incomes of \$75,000 or less.

Myth: *The benefit to taxpayers would be minuscule and not enough to make a difference.*

Fact: The benefit would be five times as great as that provided by current college education IRAs because the maximum allowable contribution would be five times as great.

When enacted last year, college IRAs were recognized as much-needed, not minuscule. They are still seen as significant by the President and Congress.





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• The window is open! Yes, the long-awaited 75-day window period, during which all schools that apply for telecommunications discounts under the **Universal Service Program** will be treated as if they applied on the same day, began January 30. Applications may be filed electronically at <www.slcfund.org> or by mail to: Schools and Libraries Corp., P.O. Box 4217, Iowa City, IA 52244-4217. For more information, call the SLC hotline at 888-203-8100.

• What's the scoop on national tests? It's almost impossible to tell, mainly because the two protagonists in the debate, **President Bill Clinton and Rep. Bill Goodling** (R-PA), can't even agree on what it was they agreed upon last fall regarding the topic. In the State of the Union address on January 27, President Clinton said that because of Congress's action last year, we will soon have national tests. Not so, said Goodling. He thinks last year's agreement amounted to a postponed decision on

national tests, not an authorization. To punctuate his point, Goodling had the House Education and the Workforce Committee, which he chairs, pass a bill (H.R. 2846) on January 28, the day after the President's address, to ban federal funds from being used to administer the tests. Meanwhile, the National Assessment Governing Board (NAGB), which has been charged with developing the tests, agreed last month that technical realities would make it impossible to have the tests ready prior to spring 2001.

• Right about now, officials at 42 private secondary schools across the country are experiencing both happiness and heartburn. Both responses stem from being told by the U.S. Department of Education that they are among the 172 schools selected by a national review panel to receive site visits in the **Blue Ribbon Schools Program**. Only 39 percent of schools reviewed by the panel were so honored. Now these school communities nervously await the high-stakes visits, scheduled to take place in March and April. If past practice holds true, most of the visited schools stand an excellent chance of being named Blue Ribbon Schools.

• The Michigan-based **Mackinac Center for Public Policy** unveiled what it described as a "path-breaking approach to expanding parental choice" in education. Called a *Universal Tuition Tax Credit* (UTTC), the proposal, according to Mackinac researchers, would improve public education and "save the state \$3.4 billion in education expenses in the first ten years of implementation and over \$500 million each year thereafter." More information about UTTC may be found on the Center's web site: <www.mackinac.org>.

• Support for school vouchers is growing by leaps and bounds. The latest group to endorse the concept is the **National Association of Manufacturers**. In a report titled *Education and Training for America's Future*, the organization of 14,000 companies outlined six "prescriptions" to bolster the skills that high school graduates need to secure entry-level manufacturing jobs. Besides vouchers, the prescriptions included charter schools, national tests, and tax incentives to support training by businesses. You can get a copy of the report by calling the association at 202-637-3088.