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OFFICE OF POLICY DEVELOPMENT

STAFFING MEMORANDUM

DATE: 11/17/82 ACTION/CONCURRENCE/COMMENT DUE BY: FYI

SUBJECT: Voter Awareness Efforts re Tax Credit

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input type="checkbox"/>	DRUG POLICY	<input type="checkbox"/>	<input type="checkbox"/>
PORTER	<input type="checkbox"/>	<input type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BARR	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
BLEDSON	<input type="checkbox"/>	<input type="checkbox"/>	OFFICE OF POLICY INFORMATION		
BOGGS	<input type="checkbox"/>	<input type="checkbox"/>	HOPKINS	<input type="checkbox"/>	<input type="checkbox"/>
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	COBB	<input type="checkbox"/>	<input type="checkbox"/>
CARLESON	<input type="checkbox"/>	<input type="checkbox"/>	PROPERTY REVIEW BOARD	<input type="checkbox"/>	<input type="checkbox"/>
DENEND	<input type="checkbox"/>	<input type="checkbox"/>	OTHER		
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
FERRARA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
✓ GALEBACH	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GARFINKEL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GUNN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
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MONTOYA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
ROCK	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
ROPER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
SMITH	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UHLMANN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
ADMINISTRATION	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please return this tracking sheet with your response

Edwin L. Harper
 Assistant to the President
 for Policy Development
 (x6515)

THE WHITE HOUSE
WASHINGTON

Date 11/16

TO:

R. Porter
D. Boggs
R. Carleson
W. Gunn
K. Hopkins
V. Montoya
M. Uhlmann / *Colibee*

ACTION:

FYI:

- Comment
- For your handling
- Draft response

Due Date _____

REMARKS:

EDWIN L. HARPER

THE WHITE HOUSE


WASHINGTON

November 11, 1982

OFFICE OF
POLICY DEVELOPMENT

1982 NOV 15 P 1:40

MEMORANDUM FOR KEN DUBERSTEIN ✓
ED HARPER ✓
RICH WILLIAMSON

FROM: ELIZABETH H. DOLE 

SUBJECT: Voter Awareness Efforts

Even in the height of the political campaign, a number of our organizations were continuing to educate the public on the value of supporting Administration legislation, especially tuition tax credits and the balanced budget amendment.

I thought you might enjoy seeing the attached.

-10-19-82

REAGAN SENDS CATHOLIC EDUCATORS MESSAGE BACKING TAX CREDITS (380)

By Pat McGowan

HYANNIS, Mass. (NC) — In a letter to Catholic educators, President Reagan has pledged continued support of tuition tax credit legislation.

The president told members of the Chief Administrators of Catholic Education, a department of the National Catholic Educational Association meeting Oct. 18-21 in Hyannis: "I have asked my staff to hold a meeting with all interested groups immediately following the (Nov. 2) elections to decide upon the best legislative strategy for winning passage of this bill.

"I pledge that I will continue to do everything I can to get this bill enacted. If we are not successful in the lame duck session, we will press all the more vigorously in the first session of the 98th Congress."

The letter, dated Oct. 15, recalled that Reagan, in addressing the NCEA national convention last April, had told the educators "the time was ripe to move forward vigorously on tuition tax credit legislation."

The president noted the difficulties his tuition tax credit bill had met in the Senate Finance Committee saying that "maneuverings" of opponents had succeeded in delaying it beyond the deadline for action in the regular session of Congress.

Tuition tax credit legislation would give parents tax credits for part of the tuition they pay to send their children to non-public schools.

The president denied that tuition tax credits would harm the interests of racial minorities, saying that his bill includes "unequivocal prohibitions against racial discrimination" giving the Department of Justice enforcement authority. The president also pointed out that fully 19 percent of Catholic school students are members of racial minority groups.

The Hyannis meeting attracted a record attendance of over 300 educators and their spouses. Addressing its theme, "Leadership in Sharing the Light of Faith," keynote speaker Sister Mary Dooley discussed awareness of vocation as a legacy from St. Paul to modern apostles. She is president of Our Lady of the Elms College, Chicopee, Mass. and a member of the Sisters of St. Joseph.

Bishop Daniel A. Cronin of Fall River, Mass. was principal celebrant and homilist at the convention's major liturgy.

Workshops were dealing with such issues as teaching sexuality in Catholic schools, the place of women in Catholic education and the religious knowledge, attitudes and practices of American Catholic youth.

END



WASH DC

- 242
Jh
11/11

DATE: October 28, 1982

FROM: William Ryan

O - 202/659-6700

H - 202/686-1824

FOR IMMEDIATE RELEASE

BISHOPS' AIDE URGES PRESIDENT
KEEP TAX CREDITS TOP PRIORITY

WASHINGTON--The United States Catholic Conference wants tuition tax credits to be a priority in President Reagan's legislative program for the first session of the 98th Congress if the Congress fails to act on the matter in the remaining months of 1982.

In a letter to President Reagan, the USCC General Secretary, Msgr. Daniel F. Hoyer, said he is gratified that the administration will press the issue during the special session of Congress scheduled to begin in late November. The Catholic bishops' spokesman assured the President the Catholic school community will provide all support possible during that time.

Msgr. Hoyer wrote to President Reagan to express the USCC's concerns about the current status of tuition tax credit legislation in the 97th Congress.

"We in the Catholic school community were keenly disappointed that the Congress did not see fit to move this legislation further than committee consideration in the Senate," he said. "However, since we have a long

NATIONAL CATHOLIC OFFICE FOR INFORMATION

/more

2/Tax Credits Top Priority

history of involvement with this legislation, we can appreciate the importance of incremental progress within Congress.

"Presently, we are most concerned about the status of this legislation with respect to the special session scheduled for late November and December," the Catholic official continued.

"We are hopeful that the leadership within Congress will seriously consider involving tuition tax credit legislation as part of the agenda for that session," Msgr. Hoye told the President.

"If the Congress fails to consider this matter in the remaining months of 1982, it is the expectation of the United States Catholic Conference that tuition tax credits will be made a priority in your administrations's legislative program for the first session of the 98th Congress," he said.

#

A,X,ED,SCD



GOVERNMENT AFFAIRS DIGEST

Published Monthly by the Potato Chip/Snack Food Association

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Volume III, Number 5 -
October 12, 1982

SNACKPAC BOARD CHOOSES CANDIDATES FOR SUPPORT IN NOV. ELECTION

The Board of Directors of PC/SFA's political action committee, SnackPAC, met in late September and chose 20 Congressional candidates to support with SnackPAC contributions totalling \$13,000 during the 1982 General

Election campaign. Chosen were six Senate candidates and 14 House candidates, although contributions to four of the candidates (* below) will depend on the success of a current SnackPAC solicitation mailing to authorized individuals. A "P" on the list below indicates an earlier contribution to the candidate's primary campaign. The Senate candidates to whom SnackPAC is contributing are:

- | | | | |
|----|---|----|---|
| IN | ^P Senator Richard G. Lugar (R) | UT | ^P Senator Orrin G. Hatch (R) |
| NM | *Senator Harrison (Jack) Schmitt (R) | VA | Representative Paul S. Triple, Jr. (R) |
| TN | Representative Robin Beard (R) | WV | Representative Cleve K. Benedict (R) |

SnackPAC's Board approved contributions to the following House candidates:

- | | | | |
|-------|-------------------------------------|-------|-----------------------------|
| AL-6 | Rep. Albert Lee Smith, Jr. (R) | OH-4 | Rep. Michael G. Oxley (R) |
| CA-39 | Rep. William E. Dannemeyer (R) | PA-15 | Rep. Don Ritter (R) |
| IN-4 | *Rep. Daniel R. Coates (R) | PA-21 | *Tom Ridge (R) |
| IA-2 | Rep. Thomas J. Tauke (R) | TN-4 | Cissy Baker (R) |
| MO-6 | *Rep. E. Thomas Coleman (R) | TX | Rep. Ralph M. Hall (D) |
| NV-2 | ^P Barbara Vucanovich (R) | VA-9 | Rep. William C. Wampler (R) |
| OH-2 | Rep. Thomas Luken (D) | WV-1 | John McCuskey (R) |

SnackPAC continues to grow in membership and contributions. This year's primary and general election contributions to candidates total more than five and a half times the amount SnackPAC was able to give in the 1980 Congressional campaign.

PRESIDENT GETS HOUSE VOTE ON BUDGET AMENDMENT BEFORE ADJOURNMENT

More than 30 PC/SFA member company representatives lobbied their Congressman at the request of President Reagan to sign a discharge petition to get the proposed Balanced Budget Amendment to the Constitution out of committee and

to the House floor for a vote before Congress adjourned to campaign for the November 2nd elections. House Speaker Thomas P. "Tip" O'Neill, with other Democratic leaders, scheduled the Amendment for an immediate vote, thus blunting the effects of further lobbying by the President and constituents. The amendment was rejected when it fell short by 46 votes of the two-thirds majority needed to send it to the states for ratification. The final vote on the Amendment was 236 to 187, with nine Members not voting. One hundred sixty-seven Democrats were joined by 20 Republicans in voting against the proposed Amendment. The Senate had already approved the Amendment by a vote of 69 to 31.

President Reagan, in a statement immediately following the vote, said "This vote today makes clear who supports a balanced-budget amendment and who does not. Voters across America should count heads and take names. In November we must elect representatives who support the Amendment."

A list of the Representatives voting against and not voting on the Balanced Budget Amendment is on the other side

VOTES AGAINST THE BALANCED BUDGET AMENDMENT IN THE HOUSE

AZ Rhodes (R)	IN Evans (D)	MT Williams (D)	OR AuCoin (D)
Udall (D)	Fithian (D)	NH D'Amours (D)	Weaver (D)
AR Alexander (D)	Hamilton (D)	NJ Dwyer (D)	Wyden (D)
Bethune (R)	Sharp (D)	Florio (D)	PA Bailey (D)
CA Beilenson (D)	IA Bedell (D)	Hollenbeck (R)	W. Coyne (D)
Brown (D)	Harkin (D)	Howard (D)	Dougherty (R)
J. Burton (D)	Smith (D)	Hughes (D)	Edgar (D)
P. Burton (D)	KS Glickman (D)	Minish (D)	Ertel (D)
Coelho (D)	KY Mazzoli (D)	Rinaldo (R)	Foglietta (D)
Dellums (D)	Perkins (D)	Rodino (D)	Gaydos (D)
Dixon (D)	LA Boggs (D)	Roe (D)	Gray (D)
Dynally (D)	Long (D)	Roukema (R)	McDade (R)
Edwards (D)	MD Barnes (D)	NY Addabbo (D)	Marks (R)
Fazio (D)	Hoyer (D)	Biaggi (D)	Murphy (D)
Hawkins (D)	Long (D)	Bingham (D)	Murtha (D)
Lantos (D)	Mikulski (D)	Chisholm (D)	Nelligan (R)
Martinez (D)	Mitchell (D)	Downey (D)	Smith (D)
Matsui (D)	MA Boland (D)	Ferraro (D)	Walgren (D)
Miller (D)	Conte (R)	Garcia (D)	Yatron (D)
Mineta (D)	Donnelly (D)	Gilman (R)	RI St Germain (D)
Panetta (D)	Early (D)	Green (R)	Schneider (R)
Patterson (D)	Frank (D)	Horton (R)	SC Holland (D)
Roybal (D)	Heckler (R)	Kemp (R)	TN Ford (D)
Stark (D)	Markey (D)	LaFalce (D)	Gore (D)
Waxman (D)	Mavroules (D)	Lundine (D)	TX Brocks (D)
CO Kogovsek (D)	Moakley (D)	McHugh (D)	Frost (D)
Schroeder (D)	Shannon (D)	Nowak (D)	Gonzalez (D)
Wirth (D)	Studds (D)	Ottinger (D)	Leland (D)
CT DeNardis (R)	MI Albosta (D)	Peyser (D)	Mattox (D)
Gejdenson (D)	Bonior (D)	Rangel (D)	Wright (D)
Kennelly (D)	Brodhead (D)	Rosenthal (D)	VT Jeffords (R)
McKinney (R)	Conyers (D)	Scheuer (D)	WA Bonker (D)
Moffett (D)	Crockett (D)	Schumer (D)	Dicks (D)
Ratchford (D)	Dingell (D)	Solarz (D)	Foley (D)
FL Fascell (D)	Ford (D)	Stratton (D)	Lowry (D)
Lehman (D)	Hertel (D)	Weiss (D)	Pritchard (R)
Pepper (D)	Kildee (D)	Zeferetti (D)	Swift (D)
GA Fowler (D)	Traxler (D)	ND Dorgan (D)	WV Mollohan (D)
HA Akaka (D)	Wolpe (D)	OH Hall (D)	Rahall (D)
Heftel (D)	MN Oberstar (D)	Luken (D)	WI Aspin (D)
IL Annunzio (D)	Sabo (D)	Oakar (D)	Kastenmeir (D)
Collins (D)	Vento (D)	Pease (D)	Obey (D)
Fary (D)	MO Bolling (D)	Seiberling (D)	Reuss (D)
Price (D)	Clay (D)	Shamansky (D)	Zablocki (D)
Rostenkowski (D)	Gephardt (D)	Stokes (D)	
Russo (D)	Young (D)	OK Jones (D)	
Savage (D)		Synar (D)	
Simon (D)			
Washington (D)			
Yates (D)			

REPRESENTATIVES WHO DID NOT VOTE ON THE BALANCED BUDGET AMENDMENT

CA Badham (R)	FL Chappell (D)	OK Edwards (R)
Goldwater (R)	MI Blanchard (D)	VA D. Daniel (D)
McCloskey (R)	NJ Forsythe (R)	
	Guarini (D)	

*MA O'Neill (by tradition, the Speaker seldom votes)



Washington Wire

BALANCED BUDGET AMENDMENT. As you probably know, House failed to pass balanced budget amendment. Vote was 236-137 in favor of Constitutional amendment to require balanced budget. However, vote was 45 votes short of required two thirds majority needed in order to approve resolution calling for amendment. Similar resolution previously had been passed by Senate. Issue appears dead for this session of Congress, but presumably it will come up again. Also, there still is possibility of constitutional convention to act on balanced budget amendment. Thirty-one of required 34 states previously have called for such action. NCA was disappointed that amendment resolution failed in House. It is more clear every day that more fiscal responsibility is needed in Congress and that many lawmakers will not reduce spending enough. In this BBB we are presenting tabulation of House vote last week. (Yes votes are those in favor of amendment; no votes, opposed.)

Following is the 236-to-137 roll call by which the House refused to pass a balanced-budget constitutional amendment. A "yes" vote was a vote for the amendment; "X" denotes those not voting. Approval by two-thirds of those voting was needed for passage.

Alabama—DEMOCRATS: Bevil, yes; Filipo, yes; Nichols, yes; Shelby, yes. REPUBLICANS: Dickinson, yes; Edwards, yes; Smith, yes.
Arizona—REPUBLICAN: Young, yes.
Arkansas—DEMOCRATS: Slump, yes; Udall, no. REPUBLICANS: Rhodes, no; Rudd, yes.
Arkansas—DEMOCRATS: Alexander, no; Anthony, yes. REPUBLICANS: Belhune, no; Hammer-schmidt, yes.
California—DEMOCRATS: Anderson, yes; Bellenson, no; Brown, no; J. Burton, no; P. Burton, no; Coelho, no; Delkums, no; Dixon, no; Dymally, no; Edwards, no; Fazio, no; Hawkins, no; Lantos, no; Martinez, no; Matsui, no; Miller, no; Mineta, no; Panetta, no; Patheron, no; Roybal, no; Stark, no; Waxman, no. REPUBLICANS: Badham, "X"; Burpener, yes; Chapple, yes; Clausen, yes; Dannemeyer, yes; Dornan, yes; Dreier, yes; Fiedler, yes; Goldwater, "X"; Grisham, yes; Hunter, yes; Lagomarsino, yes; Lewis, yes; Lowery, yes; Lungren, yes; McCloskey, "X"; Moorhead, yes; Pashayan, yes; Roussetot, yes; Shumway, yes; Thomas, yes.
Colorado—DEMOCRATS: Koppovsek, no; Schroeder, no, Wirth, no. REPUBLICANS: Brown, yes; Kramer, yes.
Connecticut—DEMOCRATS: Geldenson, no; Kennedy, no; Moffatt, no; Ratchford, no. REPUBLICANS: DeNardis, no; McKinney, no.
Delaware—REPUBLICAN: Evans, yes.
Florida—DEMOCRATS: Bennett, yes; Chappell, "X"; Fascal, no; Fuqua, yes; Gibbons, yes; Hutto, yes; Ireland, yes; Lehman, no; Mica, yes; Nelson, yes; Pappoe, no. REPUBLICANS: Bafalis, yes; McCollum, yes; Shaw, yes; Young, yes.
Georgia—DEMOCRATS: Barnard, yes; Brinkley, yes; Evans, yes; Fowler, no; Ginn, yes; Helcher, yes; Jenkins, yes; Levitas, yes; McDonald, yes. REPUBLICAN: Ginrich, yes.
Hawaii—DEMOCRATS: Akaka, no; Heftel, no.
Idaho—REPUBLICANS: Craig, yes; Hansen, yes.
Illinois—DEMOCRATS: Annunzio, no; Collins, no; Fary, no; Price, no; Rostenkowski, no; Russo, no; Savape, no; Simon, no; Washington, no; Yates, no. REPUBLICANS: Corcoran, yes; D. Crane, yes; P. Crane, yes; Derwinski, yes; Erlenborn, yes; Findley, yes; Hyde, yes; Madigan, yes; Martin, yes; McClory, yes; Michel, yes; O'Brien, yes; Porter, yes; Rallsback, yes.

Indiana—DEMOCRATS: Evans, no; Fithian, no; Hamilton, no; Jacobs, yes; Sharp, no. REPUBLICANS: Coats, yes; Deckard, yes; Hiller, yes; Hillis, yes; Myers, yes.
Iowa—DEMOCRATS: Bedell, no; Harkin, no; Smith, no. REPUBLICANS: Evans, yes; Leach, yes; Tauke, yes.
Kansas—DEMOCRAT: Glickman, no. REPUBLICANS: Jettles, yes; Roberts, yes; Whitlaker, yes; Winn, yes.
Kentucky—DEMOCRATS: Hubbard, yes; Mazzoli, no; Natcher, yes; Perkins, no. REPUBLICANS: Hopkins, yes; Rogers, yes; Snyder, yes.
Louisiana—DEMOCRATS: Boggs, no; Breaux, yes; Huckaby, yes; Long, no; Roemer, yes; Tauzin, yes. REPUBLICANS: Livingston, yes; Moore, yes.
Maine—REPUBLICANS: Emery, yes; Snowe, yes.
Maryland—DEMOCRATS: Barnes, no; Byron, yes; Dyson, yes; Hoyer, no; Long, no; Mikulski, no; Mitchell, no. REPUBLICAN: Holt, yes.
Massachusetts—DEMOCRATS: Boland, no; Donnelly, no; Early, no; Frank, no; Markey, no; Mavroules, no; Moakley, no; O'Neill, "X" (by tradition, the Speaker seldom votes); Shannon, no; Studds, no. REPUBLICANS: Conte, no; Heckler, no.
Michigan—DEMOCRATS: Alibosta, no; Blanchard, "X"; Bonior, no; Brodhead, no; Conyers, no; Crockert, no; Dingell, no; Ford, no; Hertel, no; Klode, no; Traxler, no; Woipe, no. REPUBLICANS: Broomfield, yes; Davis, yes; Dunn, yes; Pursell, yes; Sawyer, yes; Sillander, yes; Vander Jagt, yes.
Minnesota—DEMOCRATS: Oberstar, no; Sabo, no; Vento, no. REPUBLICANS: Erdahl, yes; Frenzel, yes; Hagedorn, yes; Stangeland, yes; Weber, yes.
Mississippi—DEMOCRATS: Bowen, yes; Dowdy, yes; Montgomery, yes; Whitten, yes. REPUBLICAN: Lofl, yes.
Missouri—DEMOCRATS: Bolling, no; Clay, no; Gephardt, no; Skelton, yes; Volkmer, yes; Young, no. REPUBLICANS: Bailey, yes; Coleman, yes; Emerson, yes; Taylor, yes.
Montana—DEMOCRAT: Williams, no. REPUBLICAN: Marlenee, yes.
Nebraska—REPUBLICANS: Bereuter, yes; Daub, yes; Smith, yes.
Nevada—DEMOCRAT: Santini, yes.
New Hampshire—DEMOCRAT: D'Amours, no. REPUBLICAN: Gregg, yes.
New Jersey—DEMOCRATS: Dwyer, no; Florio, no; Guarini, "X"; Howard, no; Hughes, no; Minish, no; Rodino, no; Roe, no. REPUBLICANS: Courtney, yes; Fenwick, yes; Forsythe, "X"; Hollenbeck, no; Rinaldo, no; Roukema, no; Smith, yes.
New Mexico—REPUBLICANS: Lujan, yes; Skeen, yes.
New York—DEMOCRATS: Addabbo, no; Biaggi, no; Bingham, no; Chisholm, no; Downey, no; Ferraro, no; Garcia, no; LaFalca, no; Lundine, no; McHugh, no; Nowak, no; Ottinger, no; Pevsey, no; Rangel, no; Rosenthal, no; Scheuer, no; Schumer, no; Solarz, no; Stratton, no; Weiss, no; Zefaretti, no. REPUBLICANS: Carmen, yes; Carney, yes; Conable, yes;

Fish, yes; Gilman, no; Green, no; Horton, no; Kemo, no; LeBoutillier, yes; Lee, yes; Lent, yes; Martin, yes; McGrath, yes; Mitchell, yes; Molinari, yes; Solomon, yes; Wortley, yes.
North Carolina—DEMOCRATS: Andrews, yes; Fountain, yes; Hefner, yes; Jones, yes; Neal, yes; Rose, yes; Whitley, yes. REPUBLICANS: Broyles, yes; Hendon, yes; Johnston, yes; Martin, yes.
North Dakota—DEMOCRAT: Dorgan, no.
Ohio—DEMOCRATS: Applegate, yes; Eckart, yes; Hall, no; Luken, no; Mollit, yes; Oaker, no; Pease, no; Seiberling, no; Sharmansky, no; Stokes, no. REPUBLICANS: Ashbrook, yes; Brown, yes; Gradison, yes; Kindness, yes; Latta, yes; McEwen, yes; Miller, yes; Oxley, yes; Regula, yes; Stanton, yes; Weber, yes; Williams, yes; Wylie, yes.
Oklahoma—DEMOCRATS: English, yes; Jones, no; McCurdy, yes; Synar, no; Watkins, yes. REPUBLICAN: Edwards, "X".
Oregon—DEMOCRATS: AuCoin, no; Weaver, no; Wyden, no. REPUBLICAN: Smith, yes.
Pennsylvania—DEMOCRATS: Bailey, no; W. Coyne, no; Edgar, no; Ertel, no; Foglietta, no; Gaydos, no; Gray, no; Murphy, no; Murtha, no; Smith, no; Wallgren, no; Yatron, no. REPUBLICANS: Altkinson, yes; Clinger, yes; Coughlin, yes; J. Coyne, yes; Dougherty, no; Goodling, yes; Marks, no; McDade, no; Neillan, no; Rittler, yes; Schutzen, yes; Shuster, yes; Walker, yes.
Rhode Island—DEMOCRAT: St Germain, no. REPUBLICAN: Schneider, no.
South Carolina—DEMOCRATS: Derrick, yes; Holland, no. REPUBLICANS: Campbell, yes; Harinett, yes; Napier, yes; Spence, yes.
South Dakota—DEMOCRAT: Daschle, yes. REPUBLICAN: Roberts, yes.
Tennessee—DEMOCRATS: Boner, yes; Bouquard, yes; Ford, no; Gore, no; Jones, yes. REPUBLICANS: Beard, yes; Duncan, yes; Guillen, yes.
Texas—DEMOCRATS: Brooks, no; de la Garza, yes; Frost, no; Gonzalez, no; Gramm, yes; R. Hall, yes; S. Hall, yes; Hance, yes; Hightower, yes; Katzen, yes; Leath, yes; Leand, no; Malloy, no; Palmer, yes; Pickle, yes; Stenholm, yes; Whitley, yes; Wilson, yes; Wright, no. REPUBLICANS: Archer, yes; Collins, yes; Fields, yes; Loeffler, yes; Paul, yes.
Utah—REPUBLICANS: Hansen, yes; Marriott, yes.
Vermont—REPUBLICAN: Jeffords, no.
Virginia—DEMOCRAT: D. Daniel, "X". REPUBLICANS: Billey, yes; Butler, yes; R. Daniel, yes; Parris, yes; Robinson, yes; Tribe, yes; Wampler, yes; Whitehurst, yes; Wolf, yes.
Washington—DEMOCRATS: Bonker, no; Dicks, no; Foley, no; Lowry, no; Swift, no. REPUBLICANS: Morrison, yes; Pritchard, no.
West Virginia—DEMOCRATS: Moican, no; Rehall, no. REPUBLICANS: Benedict, yes; Stator, yes.
Wisconsin—DEMOCRATS: Aspin, no; Kastlenmeier, no; Obey, no; Reuss, no; Zablocki, no. REPUBLICANS: Gunderson, yes; Petri, yes; Roth, yes; Sensenbrenner, yes.
Wyoming—REPUBLICAN: Cheney, yes.



ALERT

Protecting, preserving & promoting the Christian home, school and church in America.

William Billings, Editor

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FEBRUARY 1982

Reagan Sends "Church Regulation Bill" to Congress

The most dangerous piece of legislation ever, relating to church-state separation, is on its way to passage by the United States Congress. Unless Christians respond immediately, religious freedom as we know it will die in America.

Responding to pressure from Sen. Ted Kennedy and Speaker of the House Tip O'Neil, President Reagan has sent to Congress a proposed bill which would give the Internal Revenue Service broad new powers to tax, review and regulate churches which maintain Christian schools. The legislation was hastily drafted after a fully orchestrated media outcry condemning the Reagan Administration's reversal of longstanding IRS "anti-discrimination" policy which has resulted in the revocation of the tax-exempt status of approximately 100 private schools.

Reagan believed, and rightly so, that the IRS had exceeded its legitimate authority in denying these schools the same tax-exempt status given other charitable or educational organizations. The media immediately attempted to brand Reagan as a racist, however, and argued that he was rewarding and condoning segregated schools. Reagan responded by announcing that his intentions were misunderstood. What he wanted to do, he said, was give Congress an opportunity to speak on the matter. He apparently did not understand that Congress has already spoken. As recently as last year, the House and Senate voted overwhelming approval of an appropriations amendment (sponsored by Reps. Bob Dornan and John Ashbrook) which prohibited the IRS from taking any action against religious schools which would result in the loss of their tax-exempt status.

In proposing this new legislation, Reagan is not only reversing the Ashbrook/Dornan amendments, but he is giving the IRS the power to tax, thus destroy, churches and schools whose doctrines, beliefs or practices conflict with "public social policy." The policy specifically addressed in

the bill is racial discrimination. Discrimination on the basis of race is repugnant to true Bible-believing Christians everywhere. No one denies that the federal government has a responsibility to protect the civil rights of all its citizens - black, white, male, female, young or old. However, that is not the issue being addressed in the proposed Reagan bill. The issue is: Can the federal government regulate and tax a church simply because that church's beliefs conflict with "society's" beliefs? If that premise is accepted, it could be argued that the federal government may regulate and tax a church which prohibits women from assuming positions of leadership in its assembly. Certainly that practice, commonly held in Protestant and Catholic churches, violates the "ERA mentality" currently so popular with the Congress and the Courts. And what of homosexuality? Should homosexuality become "socially acceptable," could not Congress insist the IRS revoke the tax exempt status of churches which refuse membership to homosexuals? If Reagan's bill becomes law, the precedent will be set; government can indeed control the church. Daniel Webster warned years ago that, "the power to tax is the power to destroy."

Underlying the arguments presented by those supporting the President's bill is the assumption that tax exemption is a federal subsidy. If that is true, then the government has been subsidizing churches, labor unions, and charitable organizations for decades. That is simply not the case. Tax-exemption is not a "gift" Congress can give churches. The fact is, "We, the people" have never given Congress the authority to tax churches. The church belongs to God. Will Caesar tax God?

In this Alert, we examine the text of the proposed "Church Regulation Bill." Please study it carefully. There are several avenues of action we as Christians must take. I encourage you to share this information with others. God help us all to do our part.

Additional copies of this issue of Alert are available at \$20.00 per hundred. Make check payable to NCAC.

Specific objections to the "Church Regulation Bill"

A

The bill refers not just to the school, but the organization (i.e., the church) that sponsors the school.

B

The bill would require constant supervision by IRS of every administrative decision made by church schools - including selection of cheerleaders, curriculum, textbooks, and affirmative action programs. It clearly fosters excessive entanglement between government and religious schools.

C

Discriminates between religions, clearly establishing a preference for non-"discriminating" religious beliefs. This is a horrible precedent in violation of historical law which holds that "government" knows no heresy and prefers no orthodoxy." It does not accommodate sincerely held religious belief relating to race.

D

Denies First Amendment right of association to contributor, even though the taxpayer does not subscribe to the "offensive" policy of the non-tax exempt institution.

E

The use of the word "policy" is fraught with a multitude of meanings and is unconstitutionally vague.

F

This ex post facto law is retroactive; that is, churches could be required to pay taxes for the last twelve years. Contributions made to the church over the last twelve years could be disallowed, and the individual held responsible for back taxes.

A BILL (S2024 HR5313)

To amend the Internal Revenue Code of 1954 to prohibit the granting of tax-exempt status to organizations maintaining schools with racially discriminatory policies.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DENIAL OF TAX EXEMPTIONS TO ORGANIZATIONS MAINTAINING SCHOOLS WITH RACIALLY DISCRIMINATORY POLICIES.

Section 501 of the Internal Revenue Code of 1954 (relating to exemption from tax) is amended by redesignating subsection (j) as subsection (k) and inserting a new subsection (j) reading as follows:

"(j) ORGANIZATIONS MAINTAINING SCHOOLS WITH RACIALLY DISCRIMINATORY POLICIES. --

A "(1) IN GENERAL. -- An organization that normally maintains a regular faculty and curriculum (other than an exclusively religious curriculum) and normally has a regularly enrolled body of students in attendance at the place where its educational activities are regularly carried on shall not be deemed to be described in subsection (c) (3), and shall not be exempt from tax under subsection (a), if such organization has a racially discriminatory policy.

"(2) DEFINITIONS. -- For the purposes of this subsection --

B "(i) An organization has a 'racially discriminatory policy' if it refuses to admit students of all races to the rights, privileges, programs, and activities generally accorded or made available to students by that organization, or if the organization refuses to administer its educational policies, admissions policies, scholarships and loan programs, athletic programs, or other programs administered by such organization in a manner that does not discriminate on the basis of race. The term 'racially discriminatory policy' does not include an admissions policy of a school, or a program of religious training or worship of a school, that is limited, or grants preferences or priorities, to members of a particular religious organization or belief, provided, that no such policy, program, preference, or priority is based upon race or upon belief that requires discrimination on the basis of race.

"(ii) The term 'race' shall include color or national origin."

SEC. 2. DENIAL OF DEDUCTIONS FOR CONTRIBUTIONS TO ORGANIZATIONS MAINTAINING SCHOOLS WITH RACIALLY DISCRIMINATORY POLICIES.

(a) Section 170 of the Internal Revenue Code of 1954 (relating to allowances of deductions for certain charitable, etc., contributions and gifts) is amended by adding at the end of subsection (f) a new paragraph (7) reading as follows:

D "(7) DENIAL OF DEDUCTIONS FOR CONTRIBUTIONS TO ORGANIZATIONS MAINTAINING SCHOOLS WITH RACIALLY DISCRIMINATORY POLICIES. -- No deduction shall be allowed under this section for any contribution to or for the use of an organization described in section 501(j) (1) that has a racially discriminatory policy as defined in section 501(j) (2)."

(b) Section 642 of such Code (relating to special rules for credits and deductions) is amended by adding at the end of subsection (c) a new paragraph (7) reading as follows:

"(7) DENIAL OF DEDUCTIONS FOR CONTRIBUTIONS TO ORGANIZATIONS MAINTAINING SCHOOLS WITH RACIALLY DISCRIMINATORY POLICIES. -- No deduction shall be allowed under this section for any contribution to or for the use of an organization described in section 501(j) (1) that has a racially discriminatory policy as defined in section 501(j) (2)."

(c) Section 2055 of such Code (relating to the allowance of estate tax deductions for transfers for public, charitable, and religious uses) is amended by adding at the end of subsection (e) a new paragraph (4) reading as follows:

E "(4) No deduction shall be allowed under this section for any transfer to or for the use of an organization described in section 501(j) (1) that has a racially discriminatory policy as defined in section 501(j) (2)."

(d) Section 2522 of such Code (relating to charitable and similar gifts) is amended by adding at the end of subsection (c) a new paragraph (3) reading as follows:

"(3) No deduction shall be allowed under this section for any gift to or for the use of an organization described in section 501(j) (1) that has a racially discriminatory policy as defined in section 501(j) (2)."

F. SEC. 4 EFFECTIVE DATE.

The amendments made by this Act shall apply after July 9, 1970.

Further objections to the "Church Regulation Bill"

This bill flatly denies free exercise of religion.

This bill provides insufficient safeguards against arbitrary government action through later bureaucratic law-making because of burden of proof problem and because it is replete with vague, ambiguous, overbroad and standardless terms.

This bill presumes guilt until proven innocent. It would require the accused church school to go to court to protect constitutional rights.

This bill is ambiguous as to whether the IRS is to use an "effects" test which excludes any evidence of intent, or whether they should use "intent" test.

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NCAC wishes to express our thanks to Attorney Orrin Briggs for assisting in outlining the problems with this legislation.

What You Can Do To Help Defeat The "Church Regulation Bill"

1. Write your elected representatives

Address cards and letters to:

Your Congressman
House of Representatives
Washington, DC 20515

Your two Senators
United States Senate
Washington, DC 20510

The Hon. Robert Dole
Chairman, Senate Finance Committee
2213 Dirksen
Washington, DC 20510

The President
The White House
Washington, DC 20500

General Guidelines for Effective Lobbying by Letter:

1. Use church, school, corporate, or association stationery if you are representing a group's viewpoints in your letter.
2. Be sure your exact address is on both the letter and the envelope. The envelopes often get thrown away before the letter is answered.
3. Keep to the point, discussing one issue only. State the name of the legislation you are writing about, and the House or Senate bill number, if you know it.
4. Enclose newspaper articles, editorials or fact sheets if they back up your arguments.
5. Be sure you know your facts. Do not make charges you cannot support. Do not depend solely on what someone told you: they may be sincere, but sincerely wrong.
6. Avoid "form letters." Make your letter personal, relating personal experiences. Stress how the legislation will affect you, your church, school, business or community.
7. Be reasonable. Do not ask for the impossible. Do not threaten.
8. Be constructive. In most cases, a bill is proposed because a real problem exists. If you think the bill is the wrong approach, say so. But then offer some constructive suggestions as to what you feel the right approach should be.
9. Concentrate on your own delegation: The Representative of your district and the Senators of your state. Others generally will not pay much attention because you cannot vote for them, or against them.
10. If you have contributed to the Members' campaign, correspond frequently, or if you personally know the Member, by all means use his first name.
11. Use your first name.
12. It is not always necessary to write the Member directly. If you know the name of the legislative assistant handling the issue you are concerned about, write him directly. Your

letter will probably get priority treatment.

13. Be sure to identify yourself as a voter. If you worked in his campaign, wore his "button," displayed his bumper sticker or littered your lawn with his yard sign, tell him so.

14. Thank him if he pleases you with a vote on an issue. Everybody appreciates a complimentary letter, and remembers it. On the other hand, if a vote displeases you, let him know that too.

15. If his reply does not answer your question, write back!

2. Write the editor of your local newspaper

Christians should not ignore the potential for communicating sound Biblical and governmental truths through letters to the editor regarding issues.

The editorial page of your local paper probably gives instructions and guidelines for writing letters to the editor. The letters must be signed, and include an address and phone number where you can be reached during the day.

A few hints for letter writers:

1. Remember your audience. They are not all believers, and will not understand the foundations of your belief. Keep your letter based on fact. Do not argue solely from emotion.
2. Keep the letter brief.
3. Avoid name calling.
4. Always be courteous. "Honey attracts more flies than vinegar." and "a soft answer turneth away wrath."
5. Do more than just define the problem; offer solutions!

3. Visit your Congressmen's district and Washington office

Most Members check with their "home" office daily to see what kind of mail is coming in, who dropped by, and what the local papers are saying.

When an issue surfaces that concerns you, make an appointment to see your Member of Congress in his home office.

Get to know the Administrative Assistant in your Member's home office. His job depends on his boss's reelection; therefore, he is interested in seeing that your group's views are heard and recognized. Give him your phone number and address so you can be consulted for your opinion on certain issues.

4. Exercise your right to petition Congress

Petitions are important. They demonstrate that there is broad support or opposition to an issue. Congress passed the 13th Amendment to the Constitution largely because churches across the country circulated petitions calling for the abolition of the insidious evil of slavery.

THE WHITE HOUSE

WASHINGTON

March 17, 1982

DECISION MEMORANDUM FOR THE CABINET



FROM: ROBERT CARLESON, EXECUTIVE SECRETARY,
HUMAN RESOURCES CABINET COUNCIL

SUBJECT: Tuition Tax Credits

SUMMARY

The Working Group on Tuition Tax Credits of the Cabinet Council on Human Resources has reviewed alternative ways to fulfill the President's commitment to enact a tuition tax credit bill in the 97th Congress.

A proposed draft Administration bill, "The Educational Opportunity and Equity Act of 1982", has been developed and forwarded by the Working Group. The major elements of the bill include:

- Tax Equity: ✓ The purpose of the Act is to provide tax relief to parents who bear the double burden of public and private school costs.
- Limited Coverage: ✓ The credit is restricted to parents of children in private, non-profit, elementary or secondary schools.
- A Phase-In of Credits: ✓ The policy decisions are the subject of this meeting; a decision on the ultimate size, and phase-in of credits should be referred to the Budget Review Board for recommendation to the President.
- Policy of Non-Discrimination: ✓ The tax credit is subject to a policy against discrimination.
- A Limited Federal Presence: ✓ Because the tax credit does not constitute a form of direct Federal financial assistance to institutions, it does not open a window for future intrusive Federal action.

STATEMENT OF THE ISSUE

The right of parents to direct the education of their children is a firmly established policy in American jurisprudence. More than half a century ago, in the landmark case of Pierce v. Society of Sisters, the Supreme Court decided that the Constitution protects parents' choice to have their children educated at private schools rather than in public institutions. However, economic, social, and political changes have occurred since Pierce which, in many instances, have rendered this constitutional protection effectively meaningless.

On the one hand, parents who choose to have their children educated at a non-public school must bear the constantly escalating tuitions which those schools must charge to survive. On the other hand, these same parents must support public education through taxes which are paid by all citizens.

For many parents, this dual financial burden is too great to permit them to exercise the right to send their children to a non-public school of their choice. Therefore, tax relief for non-public school tuition expenses is necessary as an issue of equity if American families are to continue to have a meaningful choice between public and private education at the elementary and secondary level.

BACKGROUND

Constitutionality:

Courts which have confronted state tuition tax credit legislation have displayed the uncertainty which characterizes this issue: five courts have found such legislation to be unconstitutional, whereas two others have found no constitutional deficiencies.

The courts which have invalidated tuition tax benefit programs have done so on the basis of an inability to discern a "secular effect" in the legislation. Therefore it is crucial for the administration to build a case for the secular purposes served by a tuition tax credit bill. The Working Group has inserted specific language in the preamble to the Act which meets this test. (refer to Section 2 in the attached bill).

Refundability:

The Working Group believes that although refundability would provide assistance to needy families who are not now taxpayers, this feature is not desirable. It would be costly to make the credit refundable to families who have no tax liability.

Moreover, refundability of tuition tax credits could set a forceful precedent for the use of the tax system to deliver other types of Federal assistance programs.

OPTIONS

The Working Group recommends introduction of tuition tax credit legislation in the 97th Congress, and a restriction of the tax credit to parents of students in private, non-profit, elementary and secondary schools.

The introduction and enactment of legislation this year meets the President's campaign commitment, and addresses the concerns of those who recall President Carter's reversal of policy regarding support for tuition tax credits.

Limiting the tax credit is recommended in light of changes being made in current Federal programs for post-secondary student financial assistance, and as a way to control program costs. The Treasury has estimated that the extension of tax credits to post-secondary students would approximately triple the revenue impact of the program.

1. RECOMMEND INTRODUCTION OF TUITION TAX CREDIT LEGISLATION IN THE 97TH CONGRESS.

✓ RR Approve _____ Disapprove

2. RESTRICT CREDITS TO PARENTS WITH CHILDREN IN PRIVATE NON-PROFIT PRIMARY AND SECONDARY SCHOOLS ONLY.

✓ RR Approve _____ Disapprove

The Treasury Department has provided the following preliminary estimates as a guide to the costs of the proposed tuition tax credit proposal. The estimates are based on the following assumptions: initiation of the program in January of 1983; 5 million initial potential recipients; a 3 year phase-in: \$100 in 1983, \$300 in 1984, \$500 in 1985; and a small estimated first year effect, since most individuals would receive the credit on or before April 15, 1984. However, the Working Group recommends that a final decision on the phase-in and level of credits be made by the Budget Review Board.

A Tuition Tax Credit Equal to 50% of Tuition Payments

(billions)

1982	1983	1984	1985	1987	1988
-	0.1	0.6	1.6	2.5	2.6

Office of the Secretary of the Treasury, March 16, 1982
Division of Tax Analysis

3. REFER LEVEL OF TAX CREDITS AND PHASE-IN TO THE BUDGET REVIEW BOARD.

✓ RR Approve _____ Disapprove

One way to delay the revenue impacts from a tuition tax credit program is to phase the program in by grade increments. This alternative would extend the phase-in period, but would require a higher initial level of credit in order to be credible. The Working Group believes that this proposal carries a built-in growth dynamic during the legislative process to extend credits to post-secondary schools, and therefore believes it would be more advantageous to initiate a smaller credit which covers all intended beneficiaries from the beginning.

4. RECOMMEND THAT THE TAX CREDIT PROGRAM NOT BE PHASED-IN BY GRADE.

CR Approve _____ Disapprove

One further way to control costs would be to limit the credit to those under a certain income level. Such targeting would insure that the benefits of the program would be received by those most in need.

The Working Group rejected this option because it converts a tax equity proposal into a program for income redistribution. When a similar initiative was introduced by Senator Metzenbaum in 1978 4 Republicans (Griffin, Hatfield, Javits and Stafford) joined 35 Democrats in voting for the proposal, and 34 Republicans joined 24 Democrats in voting against.

5. SET A RESTRICTION OF THE TAX CREDIT BY INCOME LIMITS.

_____ Approve _____ Disapprove

Draft

THE WHITE HOUSE
Office of the Press Secretary

file
Tuition
Tax
Credits

BRIEFING FOR REPORTERS
BY
DAVID GERGEN, BOB CARLESON
AND UNDERSECRETARY GARY JONES

April 14, 1982

The Briefing Room

3:08 P.M. EST

MR. GERGEN: Good afternoon. Why don't we we go ahead and get started. We thought that because you all are leaving so early tomorrow morning that it might be helpful to have a briefing today which we would embargo until tomorrow when the President speaks. As you know, he speaks at 10:30 a.m., Central Standard Time, and this material today with the fact sheet and the comments here will be embargoed until the time of his speech. The comments here will be on the record.

I just wanted to say a couple of things then I'll introduce the folks who are here. The President tomorrow is, as you know, unveiling a tuition tax credit proposal. I would note for your interest that the fact sheets says that this is a draft proposal. The intention here is that following the unveiling tomorrow, there will be a period of consultation with the Congress and with others about the various elements that might be in this proposal. And the President intends and hopes that a legislative proposal will go up later this spring after those consultations are concluded. But for guidance, I would not expect any legislation to go up in the next week or two. It's going to be a matter of weeks before this is completed.

One other thing I would note is that various other public leaders in the past, including former presidents, have advocated this tuition tax idea. I saw a story yesterday -- an AP story noting that President Carter and President Nixon had both advocated such a proposal in their campaigns and in their -- in fact, President Nixon in his presidency. And two democratic candidates who lost -- Hubert Humphrey and George McGovern also advocated this idea.

President Reagan is the first one who has campaigned on this proposal and actually come forward with it. Many have promised but he's the first to deliver.

Now, with that I would like to introduce two people -- Gary Jones, who is Deputy Undersecretary of Education and also Bob Carleson who many of you know, who is Special Assistant to the President for Policy Development.

Gary has a brief statement and then Bob will go through aspects of the proposal and then we'll go to your questions. Thank you.

Q Spelling?

MR. GERGEN: Gary L. Jones, G-a-r-y -- Gary L. Jones.

Q Title?

MR. GERGEN: Deputy Under Secretary of Education. Gary?

MORE

UNDER SECRETARY JONES: It's a very brief statement. We have long enjoyed a tradition of public and private education which not only permits but encourages students and educators at one stage or another of their educational careers to enjoy the benefits and strengths of either type of institution. This convergence of interest between private and public education is based on common interests in promoting academic excellence and high standards of attainment for students and teachers.

The proposed legislation we address today seeks more than simple equity for parents who bear a double burden. It seeks availability of choice for those working families who do not today possess this freedom. And for boys and girls for whom a different path is chosen, it offers the opportunity to walk that path.

The tuition tax credit measure affords real opportunity for every sector of education -- freedom to choose between different systems and philosophies of education is a paramount element in the success of our nation's education system. Public schools continue to enjoy support through taxes. But declining public confidence in our educational system is a long-term threat to its health which cannot be ignored.

Competition between public and private schools is a threat to neither and a boom to both. Competition fosters excellence, innovation, and vitality. It encourages high standards of academic attainment. Pluralism, one of our democracy's greatest strengths, thrives on competition between diverse beliefs in schools of thought.

The President's proposal can restore quality to America's educational system, ending a long decline of public confidence in the manner in which we are preparing our nation's youth to face the future. The proposal favors those of low and moderate income since 54 percent of parents with children in private grade schools and private high schools actually have family incomes under \$25,000 per year.

Public education as well as private education will benefit from a restoration of confidence and we have had a renewal of excellence in all America schools. The return to quality in all our educational endeavors is vital if we are to continue our role of world leadership in an increasingly competitive era fraught with challenge. Bob?

MORE

MR. CARLESON: Yes, basically some very specific points in summary and then going through the rest of the proposal.

First of all, only parents who send their children to tax-exempt, non-profit educational institutions at the elementary and secondary level could claim the credit under this draft proposal. In no case could parents who choose to send their children to schools which discriminate on the basis of race, color, or national origin claim the credit. Nothing in the draft proposal would alter or interfere with the ability of the states to enact laws and regulations with respect to the operation of schools within the borders of the individual states or with other rights and powers of the states. Nothing in the draft proposal would create a basis for enabling the federal government to dictate policy to the schools. The credit would benefit individuals and would not make any funds available to the schools themselves.

The major concepts of the administration's draft proposal, which we will be discussing with various senators, representatives, and appropriate congressional committees, include tax equity, limited coverage, a phase-in of the credit, income limitations, eligible institutions, and tuition expenses.

Under tax equity, on the one hand, parents who choose to have their children educated at a non-public school must bear the constantly escalating tuitions which these schools must charge to survive. On the other hand, these same parents support public education through taxes which are paid by all citizens. For many working parents this dual financial --

Q Are you just going to read it to us?

MR. CARLESON: Okay, I will go through it then. Basically the first point is on tax equity, which is that it is based on the concept that the benefit is going to the parents and it is based on the further concept that these parents are paying through their local taxes. And I might point out at this point that this proposal would not withdraw any funds from public education because the people receiving the tax credits would still be paying the same local taxes to their public school systems as they would be otherwise. This is a tax credit against the federal income tax.

The limited coverage is, of course, that it would be limited to private, non-profit elementary or secondary schools. The non-refundable credits would be phased in over a three-year period. The parents could claim the maximum of 50 percent of tuition paid for each child up to a maximum credit per child of \$100 in calendar year 1983, \$300 in calendar year 1984, and \$500 in calendar year 1985.

There would be a limitation on income in order to make sure that these benefits would go to those who are most pressed in the lower and middle income families. In addition to what you see on the fact sheet, I would point out that the mere fact that it is a tax credit and that it does have a limit of \$500 per student does insure that most of the relief is going to the lower income taxpayers because it is in the form of a credit rather than in another form. But in addition to that there would be a ceiling on adjusted gross income of \$50,000 for those who would receive the full credit. After that the maximum credit would phase out entirely at \$75,000.

Parents would be eligible for the tax credit, as I said earlier, only if they send their children to private schools which are non-profit and do not discriminate in any way on the basis of race, color, or national origin. Tuition expenses would include required course fees and all of the normal tuition fees but not books, supplies, meals, and transportation.

Q How much is this going to cost the treasury?

UNDER SECRETARY JONES: There will be, in 1983 Fiscal Year, a negligible impact, somewhere in the estimation of \$100 million.

Q 1984?

UNDER SECRETARY JONES: In 1984 it would be what you might describe as a minimal impact, maybe \$600 million. These are projections at this point. 1985 would be in the -- 1985 would be approximately \$1 billion, '86 in the neighborhood of \$1.4 billion. 1987, the furthest out-year that we have projected would be \$1.5 billion.

MR. GERGEN: Those are rough estimates.

Q Wait. What are you going to get off the budget to make up for this?

UNDER SECRETARY JONES: Pardon?

Q Where are you going to cut the budget to make up for this?

UNDER SECRETARY JONES: We are not expecting at this point to reduce the budget any further. What we are suggesting here in FY 83 is, as I say, a negligible impact.

MORE

We are suggesting that Congress take a good look at what we think is a creative public policy proposal. We hope that they are very willing to address a creative proposal with long-term positive impacts on American education, and we do not stagnate ourselves in the short-term for circumstances that we are addressing in other ways.

Q I'm just saying it's not going to cut the budget to achieve these credits. Does that mean that you're going to increase the deficit by \$4-1/2 billion?

UNDER SECRETARY JONES: By how many did you say? We are --

Q Four-point-six billion.

UNDER SECRETARY JONES: We can't simply operate in a vacuum and add up these figures and suggest that we're going to increase the deficit by that X number of dollars, because --

Q You said you're not going to cut the budget to get these funds. One can only assume that the deficit is going to increase.

UNDER SECRETARY JONES: The deficit may increase. We'll also take a look at how fast the economy continues to improve and that may change the deficit projections considerably as well.

MR. GERGEN: You also have to remember it's our view, the President's view, that in a budget that's in the range of \$750 billion and revenues, of course, are less than that, that you can find room for such a program as this, which at full revenue impact is a billion and a half dollars, particularly in view of the priorities of public policy. He regards this as a priority and thinks that we can find room for it.

Q How much does the federal government spend per pupil in public school per year?

UNDER SECRETARY JONES: The federal government provides public elementary and secondary education about \$10 billion in 1980-81.

Q What is it per student?

UNDER SECRETARY JONES: You would find, I would propose, somewhere in the neighborhood of \$600 per student.

Q That's public and private or just private? Just public?

UNDERSECRETARY JONES: Just public.

Q How is this program going to restore the quality of the American educational system after a long decline? The public education system, that's --

UNDER SECRETARY JONES: I think you'll find that public educators can accept this as a challenge to prove to parents in every school system that the quality of education in their schools is as high as can be offered in private schools. I think it's incumbent on public school people to emphasize what the strengths are of the public school system. We have for a long time had many people focusing on the weaknesses or the negatives of public education, but there are many strengths and --

Q Under the income limitations it would phase out entirely at \$75,000. The nomenclature is something, that is --

MORE

What do you mean, it would phase out entirely at \$75,000?

UNDER SECRETARY JONES: You wouldn't get it.

Q What would somebody that had \$70,000 get?

MR. CARLESON: First of all, this is a draft proposal, and the actual legislation is going to be worked out during these consultations. But the point is that at \$50,000 income, you'd get the full \$500 maximum, and then you would get nothing at \$75,000. It would be basically a lineal reduction in that. In other words, it would work its way down from \$500 and the maximum would go right on down until it phased out at zero at \$75,000.

Q In other words, it is possible, if somebody's making \$74,000, that they would be included in it?

MR. CARLESON: They would receive a very, very small amount of money.

Q What do American parents pay for private schools these days? \$500 would represent what? Do most people pay about \$1,000 a year per child?

UNDER SECRETARY JONES: I think you would find for elementary schools an average cost in the nation would be about \$550, and in secondary education it would be in excess of \$900, as a national average.

Q -- per year in private and parochial schools?

UNDER SECRETARY JONES: That's correct. As a national average.

Q Let us switch for a moment to the question of race. Many of the private schools that are set up today were done so strictly to perpetuate segregation in some areas or to give your child of going to an all-white school or a public school that is integrated. What kind of trigger are you going to have to determine whether or not a school does discriminate?

UNDER SECRETARY JONES: The President advocates a policy that we will have no tax credit going to parents, and no tax exemption to institutions who practice or whose policies advocate discrimination on the basis of race or national origin.

MORE

Q Who says it's discriminatory? Who says School A is discriminatory or not?

Q What is the test?

Q You don't want IRS to make those decisions, and yet, now, you're asking them to make those decisions.

UNDER SECRETARY JONES: Well, the -- here again we'd have to indicate that this is the draft proposal, so anything that would be final would depend on the consultations in preparing the final legislation. But, generally, it would probably be very -- it would be the kind of language that would relate to the tax exempt status type operations that the Treasury Department does enforce. The main thing is, and I think that the important thing is, that the legislation will be drafted in such a way that no tax credits will be available for parents who's children go to schools that discriminate in any way.

Q Is there a responsibility provision in this draft legislation?

MR. CARLESON: No, there is not.

Q Why is that? You're saying it helps middle and lower income parents.

MR. CARLESON: We have provided a tax equity measure for working families. And this bill addresses those people. We do believe that there are currently institutions that do enroll students who might qualify if there were a refundability clause in this draft legislation.

MR. GERGEN: For those of you -- and the refundability idea is one that some have talked about in the past. That would mean that, if you're a parent sending your kid to a school and you only pay 200 dollars and it costs -- in taxes -- and you get a credit for the first 200 dollars, do you, then, get the other 300 back in a check, or, in other words, a refund for that. That's what is not in this provision. It's a none refundable.

UNDER SECRETARY JONES: Basically --

MR. GERGEN: Proposal.

UNDER SECRETARY JONES: This is basically -- this is a tax equity piece of legislation. It's meant to relieve people who are having to pay taxes. And, therefore, it's in the tax bill, and it relates to their federal income tax relief. Refundability opens up a different kind of a program and a different kind of a concept. And that's not in this kind of a tax proposal.

Q How many children now go to private schools?

MR. CARLESON: Approximately five million.

Q Five million; and do you think this legislation, once it's set up, would encourage parents to send their kids to private school?

MR. CARLESON: Let's not, necessarily, assume that. I think what we're trying to do is to recognize the tax equity question for the working families that are sending their children to private schools.

Q Do you know the ratio of blacks among those five million.

MR. CARLESON: I'm sorry, Saul.

Q What percentage of those five million are black.

MR. CARLESON: There are, roughly, 6½ million blacks in all schools of education, elementary and secondary. And our data indicate that, roughly, 500 thousand are in private schools.

MR. GERGEN: Let me come back to this just to fill out a point Gary has raised. Gary, on the five million, that's about children who are in elementary and secondary private schools. That's about 11 percent of the total enrollment in elementary and private schools in the country.

Q What about his projections for private schools --

MR. GERGEN: The private school population is about 11 percent of the total elementary and private --

Q Yes, but you --

MR. GERGEN: -- elementary and public --

Q -- said that the government spends 10 billion dollars -- spent 10 billion dollars in '80-'81 on elementary and -- elementary schools. What is that figure for '82, and what is the hope for '83?

UNDER SECRETARY JONES: I don't have -- that was for '80-'81?

Q Yes. What's '83?

UNDER SECRETARY JONES: I don't have it for that, but the federal -- that was the federal contribution for both elementary and secondary education.

Q Okay, and you don't have the figure -- what are the budget cuts proposing to do to that figure?

UNDER SECRETARY JONES: Well, you need to recognize that the -- there're 18 different departments or agencies in the federal government that provide support to education in this nation. The Department of Education is only one of those 18 different departments or agencies. The 10 billion dollars is established by the aggregate total from all the different agencies or departments. We have not accumulated the data from the other departments and agencies for these other years..

Q Well, the Washington Post, today, said -- I don't have the article with me, but it said something like three billion dollars in proposed cuts, and that this eventually amounts to about three billion dollars in --

UNDER SECRETARY JONES: No, the Washington Post said that we had been advocating a two billion dollar reduction. Let me address that just for a second, if I may. There have been statements all over the nation indicating that we are cutting the budget by 30 and 40 percent. We

need to understand that the federal contribution to education across the nation is roughly 10 percent.

Q The cost -- federal cost?

UNDER SECRETARY JONES: The total -- yes. Ten percent of the contribution to elementary and secondary public schools comes from the federal government. Ninety percent, therefore, comes from state and local governments or other sources.

So when we talk about cutting the federal budget in education, we're talking about cutting that 10 percent. Now, the implication has frequently been that the 30-percent reduction over a two-year period of time is 30 percent of the operating budget of these schools, and that is simply not true. What it amounts to --

Q But you know --

UNDER SECRETARY JONES: What it amounts to is 30 percent of 10 percent, which is 3 percent on a national average spread over two years.

Q But the local governments also have their monies cut from the Feds and so they're cutting back, too. So there's -- some of that 90 percent is being cut back as well, which you're not addressing. Right?

UNDER SECRETARY JONES: Well, that -- not in every case is that true. But what I am trying to point out is that over a two-year period of time, the federal contribution on a national average has been reduced at the local level by 3.5 percent.

And there are many institutions out of 116,000 school districts that can't compensate for that, either through efficiencies in operation --

Q They're cutting the 90 percent, too.

Q No.

Q Yes, they are.

Q Sure, they are.

UNDER SECRETARY JONES: I don't know who "they" is, but we certainly have nothing to do with the 90 percent.

Q Certainly most big cities are for sure.

UNDER SECRETARY JONES: The federal government contribution has nothing to do with what the state and local governments are doing for their contribution to public schools.

Q If you cut their -- the grants and if you cut the other programs, then the local governments can't put as much into education as they have been in the past.

MR. CARLESON: No. The 90 percent that he's talking about is raised by state and local governments through taxation at the state and local level. Most of the --

Q -- state and local government?

MR. CARLESON: Most of it, yes. I mean, as he said, there are several other sources, but the -- by far, the largest amount of it is state and locally imposed taxes on state and local citizens.

If you're talking about cuts in other kinds of federal programs to state and local governments, you have to keep in mind that

the federal programs he's talking about actually go to state and local educational jurisdictions; in other words, either states or to school districts.

In other kinds of programs, we're talking about funds that are either for housing or for any other type of a program, so it has no direct effect at all on education.

Q Can you address yourself to the --

Q You wouldn't argue with the statement that you are shifting funds from public education to private education -- I mean, by budget cuts and federal-aid-to-education funds and by tax credits for private schools, that the effect of what you're doing is to shift funds from public schools to private schools.

MR. CARLESON: No, I think it would be fairer to say -- is that --

Q You disagree with that?

MR. CARLESON: Yes, because what I would think it would be fairer to say would be that in the first place, there can be programs that would do exactly what you're saying. An example would be a voucher program where you actually would be taking money from the public school system and transferring it.

In this case it's a tax credit that goes to the parents off their income tax --

Q I understand that. But here's -- what you're really saying --

MR. CARLESON: No funds are withdrawn from the state and local --

Q Yes, but you're shifting funds from one to the other.

UNDER SECRETARY JONES: We do not accept the basic assumption that this is a trade-off. No, we don't.

Q May I ask a technical one here? On your figures on private schools, what percentage of their income do they now get from tuition?

UNDER SECRETARY JONES: I don't have that from tuition, but they, for the most part, are receiving all of their dollars from sources other than governmental.

Q Let's try it a different way. What size in spending is the private school section?

UNDER SECRETARY JONES: There's roughly \$13 billion that support private schools at the elementary and secondary level.

Q \$13 billion private. And what is the total spending in the United States for public elementary and secondary schools from all sources?

UNDER SECRETARY JONES: A hundred and four billion dollars.

Q Of which the federal government gives --

UNDER SECRETARY JONES: Ten.

Q In aid then, in that year, you say.

UNDER SECRETARY JONES: '80-'81.

Q Okay.

Q Could you address yourself to the constitutionality of this, in that it --

Q If I could just take like one last question, then. If you're going to take a \$13 billion private school system, which say it's \$15 billion a couple of years from now, if you're going to -- and give them \$1.5 billion in tax credits, which means you're going to be picking up 10 percent of the bill for private education and only 7 percent of the bill for public education.

UNDER SECRETARY JONES: First of all, the tax credits do not go to the institutions; they go to the parents. And, second of all, it's -- second of all, it's understood through the U.S. Constitution that the education of our youth is a responsibility, first and foremost, of the states.

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Q Can a parent take this \$500 tax credit if their tuition is only \$200?

UNDER SECRETARY JONES: No, it's a 50 percent tuition tax credit.

MR. GERGEN: 50 percent of the tuition --

Q When you said --

MR. GERGEN: If the tuition is \$500 which he said was the average, then the parent would only qualify for \$250.

Q When you said an income cap of \$50,000 and \$75,000, do you take in consideration the number of children that's going to private school? If there's six kids in a family --

UNDER SECRETARY JONES: It's per child.

Q No, when you set the cap --

UNDER SECRETARY JONES: The tax credit is per child.

Q She's asking --

Q What I'm asking is when you set the cap at \$75,000 after which no credit. A family has six children going to parochial school. Do they still get no credit?

MR. CARLETON: They got no -- no credit.

Q No credit.

Q Can you address the question of Barber Conable's problems with this. As a matter of public policy, given the economy and given the priorities and the budget cuts, why do this now?

MR. GERGEN: We're doing it now because the President had made a pledge in the campaign that he intended to do this. He wanted to follow through. He sent a letter, I think it was, in the last -- during this first 15 months of his presidency -- sent a public letter to an educational association saying that he intended to work with this Congress on this idea and he wanted to fulfill that pledge.

The program is obviously one that is phased in. The President said in the campaign he wanted to do this when fiscally possible and we are taking account of fiscal realities in the way this program is designed.

For instance, there are many who would like such a program to apply to college students as well as elementary and secondary education students. And I think when you see the President's text tomorrow, you will see that he eventually when fiscal conditions permit, would hope that such a bill could be expanded to include college kids. But we are very sensitive to fiscal realities.

Q Do you expect -- when you talk about consultation -- we've seen consultation with federalism where that's taken us. Do you expect that --

MR. GERGEN: Yes, we're better off in that field than you may think. No, go ahead.

Q Do you want to make some news?

MR. GERGEN: No.

Q Well, just to follow up, do you expect that one of the areas that might be negotiable is the \$75,000 income level. I mean --

MR. GERGEN: We think that --

Q Who among us would call that a working parent --
\$75,000 --

Q Well -- (laughter) --

Q My colleague notwithstanding.

MR. GERGEN: Ms. Stahl may have something to say about that, I gather.

Q No, that's a serious question about the income. Don't you think these income levels are too high?

MR. GERGEN: No, no.

MR. CARLESON: Let me say this about that. The basic income cap is \$50,000 and -- the basic income cap is \$50,000 and if you're going to phase it out so that if someone simply makes one more dollar of income they're not going to lose their entire credit, it has to be phased out over --

Q Over a \$25,000 bridge. I mean, things are phased out by the federal government all the time with \$1,000 or \$2,000 --

MR. CARLESON: But as I said earlier you have to remember that this is a finite dollar tax credit. It's not an exemption or a deduction. And that's very important because it means that the higher income people who you presume are paying higher tuitions are still even though they would get up to 50 percent of the tuition will only get a maximum of \$500 even at \$50,000 which means at let's say half-way between \$50,000 and \$75,000 they would get only a \$250 credit even though their tuitions would be -- may be several times that much.

So, the whole plan is skewed heavily to direct the assistance to the low-income taxpayers.

Q You said that 54 percent primary and elementary school parents make under \$25,000 a year. Can you break down the other 46 percent for us?

UNDER SECRETARY JONES: First of all, we estimate that somewhere in the neighborhood of 450,000 students would not be able to qualify for this -- their parents would not be able to qualify for the tax credit because of the income cap. I think you would find that over 80 percent of the parents who have students in these private schools would qualify for a tax credit at least at the \$50,000 level or under.

Q Sir, you give this money to the public schools now based on pupil attendance, right?

UNDER SECRETARY JONES: We don't give the money we're talking about here to the public schools.

Q The money that you give to the public schools is based on pupil attendance?

UNDER SECRETARY JONES: It depends which programs we're talking about. The states determine -- are based upon --

Q I mean in general. In general the money the federal government gives is always based on student attendance -- the number of pupils in the school. Now, aren't you going to be cutting down the amount of money that you'll give to public schools because a lot of parents will take their pupils out of public schools and put them in private schools under this arrangement?

UNDER SECRETARY JONES: That's an assumption that

I'm not willing to make at this time --

Q But, I say, in view of the fact that probably there will. Don't you admit that money to public schools is based on student attendance? Enrolees?

UNDER SECRETARY JONES: It depends on -- some states take the money that they have available for education aid and distribute it on a per capita basis, and the -- right -- and the smaller the number of people there are, and the number of students, the higher the per capita payment is.

Q Not always.

UNDER SECRETARY JONES: So if you --

Q Not always.

UNDER SECRETARY JONES: I understand. I'm saying, if you were at the state level and you had a certain amount that was going to be available for education in your state budget, so, if the fact that somebody may be shifting, if they do shift at all, from a public to a private school, would reduce the total number of students that would be eligible for the funds, so the per capita amount would probably go up. But that would depend on a decision made at the state and local levels under their own laws and it has nothing to do with the Federal Government.

Mr. Carleson, could you explain some of this logic here? About the justification? You started to read it is why I ask you. Anybody else can jump in. Because people have a right to send their children to non-public schools of their choice. Therefore, it's a matter of equity to subsidize it. We all have a lot of rights, but it's not the Government's place -- I have a right to travel anywhere in the country, but therefore can I get paid for it? I have a right to eat anywhere I want.

Q Where is that?

UNDER SECRETARY JONES: I'm looking at page two.

MR. CARLESON: I think it depends -- in fact, you can go farther than that, with examples. But I think it depends on the value with which we hold education. If education has an extremely high priority then education should be considered differently than some other kinds of examples that people can use, and we place a high value on education.

Q But as I understand it, what we place a value on, in Jeffersonian terms, is a value on public education.

MR. CARLESON: Yes, we do.

Q What I would like to know is, doesn't this, since it is already difficult to get millage proposals passed in states like Michigan, Gary, doesn't this erode the incentive of parents, especially middle-class parents who are necessary to support such millage proposals, doesn't this erode that incentive?

UNDER SECRETARY JONES: No, I don't believe so, Saul. I think what you might find is that the public schools will accept this as a challenge, and they will prove to --

Q No. Come on.

UNDER SECRETARY JONES: They will be able to prove, by virtue of their --

Q Will this be a free market litmus test for public education?

MR. GERGEN: No, but let's -- there are many values we have in our society, one of which is certainly the value we place on the public schools, and this President fully supports and wants excellence in public education. He also believes in diversity and pluralism. There is much to be said for a diverse system, one in which there are many choices available to the American people.

Q The choice is already there.

MR. GERGEN: And I think all of us know that there have been problems with a lot of these private schools, and particularly in a lot of the inner city schools, Catholic schools, parochial schools, that were closing down during the '70s. Now, some of that's moderated in recent years. But there has been a substantial -- as you know, over the years -- a fall-off in some of these schools in which parents were unable to both pay their taxes and send their kids to good inner city schools.

Now, this tuition tax credit helps those parents and helps provide and enrich the quality of education, particularly in many inner city areas.

Q Do you expect to consult -- at all?

Q The larger problem, as everybody is agreed, is the state of public education, and what I would like to know is how does this provide federal guidance and help for public education, which is the program, not only in the states and localities, but the federal establishment? Under the Elementary and Secondary Education Act, it's the law.

UNDER SECRETARY JONES: We're still providing assistance to public education, Saul, but I want to underscore this, because I think that competition does breed excellence.

Q How would you suggest --

UNDER SECRETARY JONES: And you're going to find -- may I finish, please?

Q How do they accept the challenge?

UNDER SECRETARY JONES: What you may find is that the leadership of the public schools may very well begin inspire the teachers in their school system to work better for stronger performance in the classroom, and stronger performance --

Q If that's the case --

UNDER SECRETARY JONES: Stronger performance in the classroom leads to stronger performance by students.

Q Is that the case, then, for the inner cities, those which have to compete with David's example of private schools? They know that their money that they could be having for the classrooms is going to private schools. Why the hell, what's the incentive for them to --

Q Where is their incentive?

UNDER SECRETARY JONES: The incentive

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for public school parents is to improve the public schools through the state and through the local governments and that can happen --

Q Sir, the challenge then is not for the school administrators as such but for the parents. It is for local --

UNDER SECRETARY JONES: It is for both. It is for both. I have emphasized it here.

Q How do you call this a tax equity thing? You take someone like me who has no children whatsoever. I pay taxes. What do I -- to public schools and you are not giving me a tax break. What is the equity in that? I am not getting anything more out of the public school system than the parent of a parochial school kid. I am not getting a single thing more than they are, which is a well-educated society. Okay, and so I am getting exactly the same benefit from the school as them and I am paying cost. I fail to see why you are limiting this so-called tax equity measure to a particular class of taxpayers who happen to have kids in a private school. What is your reason for that?

UNDER SECRETARY JONES: We are focusing on the working families, and as I have indicated, 80 percent of the families that choose to send their students to private schools are from families with incomes under \$50,000, and I think that we wish to provide access to private schools for those, to assist in providing access for parents in those working family income brackets.

Q You are assisting them in providing access to the private schools. That is what your purpose really is. Isn't that true?

UNDER SECRETARY JONES: For the sense of pluralism and diversity and choice of education --

Q Sir, how can you --

Q Would you address yourself to the constitutionality please? We haven't gotten to that. Can someone talk about the constitutionality of a subsidy where this money will be used in part to subsidize religious education?

UNDER SECRETARY JONES: When the bill is passed the public will have a chance to view it and should it be challenged, the judicial branch of government will address it, but we are advised by our legal experts in the administration that this proposal does meet constitutional standards.

Q You got no dissenting views that since it is a broad-based thing and not for textbooks -- it is not for something that can be defined as -- that can be non-sectarian?

MR. GERGEN: Can I interrupt just one moment with this. Secretary Haig, as I gather from this note, is scheduled to make a statement today on the Falklands at 3:45 from the State Department, and I have just given the signal that we would like it piped in here so when and if that statement is available, we will just have it here. All right?

Q But David --

Q Mr. Jones, have you -- can you answer the question?

UNDER SECRETARY JONES: I cannot speak for unanimity among all legal advisors in the administration but the legal advisors are confident that this draft proposal does meet constitutional standards.

Q Mr. Jones, how can you say that this would increase the quality of public education when you have already cut back the money on schools all over the country and you also -- you have teachers out here in Virginia and Fairfax and Washington, D.C. schools cut off the payroll right now because you have cut off the federal money for them?

MR. GERGEN: On a personal note here, Gary just resigned from the Fairfax Board of Education here when he took this job so I think that he speaks with some authority on this issue.

Q Well, but you better speak to that cut-off of these teachers if it is quality that --

MR. GERGEN: We have got to get shields up here, Sarah.

Q --straight face and tell us you are going to improve the quality of education in the public schools.

UNDER SECRETARY JONES: First of all, it is very difficult to have anybody -- any school system tell you because the federal government has reduced its contribution at the local level by 3.5 percent over two years that they must automatically release teachers. The fact of the matter is, the local school board is in charge of that budget, and it is the normal practice for school boards, when they look at the budget, to assess their priorities. And sometimes they reallocate those dollars so that they will put more local dollars into Title I, for instance, than have been there before. But to simply assume that students will no longer be covered because -- particularly handicapped students -- because there has been a reduction is not true because the law mandates that those students are covered. To assume that x thousands of students will not be getting Title I program coverage is not true. All we are suggesting is that there is a reduction in the federal contribution. There are still scheduled to be over \$400 per student for the federal contribution for every Title I child.

Now lastly, federal dollars do not necessarily cover personnel costs. You don't necessarily hire teachers because you are getting so many dollars from the federal government.

Q But there are cuts elsewhere.

UNDER SECRETARY JONES: They are normally program dollars -- program support dollars.

Q But if you cut programs they have to reallocate for programs, especially for mandated programs, and therefore they have to cut salaries.

UNDER SECRETARY JONES: They need not necessarily allocate from programs. They can allocate some of the money from transportation. They may ask students to walk --

Q But there is a squeeze, and something has got to give.

UNDER SECRETARY JONES: Nobody is suggesting that there is not a squeeze. All we are saying is that school boards are in charge of the budget, they are in charge of the allocation of all of the dollars they get -- how they wish to allocate those dollars. And they can save money in utilities. They can save money in transportation. They may find that they will hire fewer teachers. They might find that they will hire more teacher aides. But these are decisions that are at the local level and handled by school boards and not mandated because of the level of federal contributions.

Q -- am just saying that utility costs are up, transportation costs are up, and union contracts in most big cities preclude most teacher aides. And we were suggesting -- some of us -- that you are taking a very narrow view of the pressures that are on local schools.

UNDER SECRETARY JONES: I don't think that I am taking a narrow view at all. I think that I am taking a very pragmatic view, that the local school boards are the people in charge of the local school systems.

Q David, one more question. What do you think this is going to look like for the President's already straining image that he is unfair to the poor?

MR. GERGEN: This program will help many low income and middle income working families in this country, and they will welcome it.

Q So you don't think that it will exacerbate that image problem that the President has?

UNDER SECRETARY JONES: Well, it --

Q I want the answer from Mr. Gergen.

MR. GERGEN: I think that the very fact that this is a targeted program and the very fact that so many -- this is going to provide relief and help for many people who are trying to send their kids, particularly to inner-city schools.

Q Poor people don't send their kids to private schools.

MR. GERGEN: A lot of people in the inner city -- this has been --

Q Poor people?

UNDER SECRETARY JONES: Fifty four percent.

MR. GERGEN: Fifty four percent of the people, as we said, come from families of less than \$25,000. We don't say that those people are necessarily poor, but they are certainly not rolling in wealth.

Q And most of them are white.

MR. GERGEN: No, there are quite a lot of Blacks in these schools, and Hispanics. And if you look at these numbers -- he has got some numbers on this -- on the California enrollment --

Q Are these Hispanics legal citizens?

Q What about getting the speech, David? Any idea
on --

THE PRESS: Thank you.

END

3:51 P.M. EST