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THE WHITE HOUSE
Office of the Press Secretary

File

For Release at 10:30 a.m. CST
Thursday, April 15, 1982

Tuition Tax Credit

FACT SHEET

SUMMARY

All parents have a fundamental right and responsibility to direct the education of their children in a way that best serves their individual needs and aspirations. Private schools provide an essential means for many in fulfilling their aspirations.

The President's draft tuition tax credit proposal provides tax relief to the working families of nonpublic school students, and expands the ability of American parents to exercise educational freedom of choice.

Educational opportunity and choice in a pluralistic society require a diverse range of schools -- public and private.

This choice raises issues of tax equity for those who carry the double burden of supporting both private and public school costs.

A tuition tax credit would assist these working families in meeting the increasing costs of nonpublic education. While still paying local taxes to support public schools, these families would be able to recover up to half the cost of each child's tuition.

- Only parents who send their children to tax exempt, nonprofit, educational institutions at the elementary and secondary level could claim the credit.
- 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

Income Limitations

The credit would phase-out for families according to income level to insure that it would be used to meet the needs of working lower and middle income families. These families are suffering most from taxation and the need to meet their growing educational expenses. A full credit would be available only to those families with adjusted gross incomes up to \$50,000 and would phase-out entirely at \$75,000.

Eligible Institutions

Parents would be eligible for the tax credit only if they sent their children to private schools which are nonprofit and do not discriminate on the basis of race, color, or national origin.

Tuition Expenses

Tuition expenses would include required course fees and all other normal tuition fees, but not include books, supplies, meals, or transportation costs.

CONGRESSIONAL CONSULTATION

The Administration will continue extensive Congressional consultation as the proposal is finalized. A draft administration bill will be formally transmitted to the Congress later this Spring after these consultations are completed.

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Explanation of Administration Bill

The Administration's bill would allow an individual taxpayer to take a credit against income tax in an amount up to 50 percent of the qualifying tuition expenses paid by the taxpayer in a taxable year. Qualifying tuition expenses are expenses paid for tuition and fees to send certain dependents under the age of 20 full-time to private elementary or secondary schools. Qualifying tuition expenses do not include amounts paid for books, supplies, equipment, meals, lodging, transportation, or personal expenses, or for education below the first-grade level or above the twelfth-grade level.

The credit is allowed only for expenses paid with respect to students for whom the taxpayer is allowed a dependency exemption and who bear any of the following relationships to the taxpayer: children and descendants; stepchildren; siblings, stepbrothers, and stepsisters; nieces and nephews; and members of the taxpayer's household, other than the taxpayer's spouse, whose principal place of abode is the taxpayer's home. To be allowed a dependency exemption, the taxpayer must provide more than half of the student's support for the calendar year in which the taxpayer's year begins, and except for the taxpayer's children and stepchildren, the student must have less gross income than the amount of the exemption.

The amount of the credit that is allowable for the taxable year with respect to a student is subject to two limits. First, the maximum amount of credit that may be claimed by the taxpayer for each student in any taxable year is \$100 for the taxpayer's first taxable year beginning on or after January 1, 1983, \$300 for the first taxable year beginning on or after January 1, 1984, and \$500 for taxable years beginning on or after January 1, 1985.

Second, the maximum amount of credit per student is reduced as the taxpayer's adjusted gross income increases over \$50,000 and is phased out entirely for taxpayers with adjusted gross incomes of \$75,000 and over. For the first taxable year beginning on or after January 1, 1983, the \$100 per student maximum credit is reduced by .4 percent of the taxpayer's adjusted gross income over \$50,000; for the first taxable year beginning after January 1, 1984, the \$300 per student maximum credit is reduced by 1.2 percent of the taxpayer's adjusted gross income over \$50,000; and for taxable years beginning on or after January 1, 1985, the \$500 per student maximum credit is reduced by 2.0 percent of the taxpayer's adjusted gross income over \$50,000.

The amount of tuition expense for which a taxpayer is allowed a credit does not include expenses that are paid by scholarships and other educational aid that are not includible in the taxpayer's or in the student's income. If the scholarship is paid directly to the school and the school sends a tuition bill

to the taxpayer that is net of the scholarship, the taxpayer is not deemed to have been paid the scholarship; the scholarship is excluded from the computation of tuition expense altogether.

A school with respect to which credits are allowable must provide a full-time elementary or secondary school program and must be a private, not-for-profit, day or residential school.

In addition, the school must be exempt from taxation under section 501(a) as an organization described in section 501(c)(3). Church-operated schools shall, pursuant to section 508(c), continue to be exempt from the provisions of section 508(a) and (b). The fact that credits are claimed for payments to a church-operated school shall not serve as a basis for imposing any new requirements on such schools in this regard.

The bill contains strong provisions to ensure that no credits will be permitted for amounts paid to schools that follow racially discriminatory policies.

A tax credit cannot be claimed unless the school is a tax exempt organization under section 501(c)(3). The bill also creates a new layer of protections above and beyond the 501(c)(3) requirement. In order for tuition expenses to be eligible for the credit, the school must annually file with the Secretary a statement under the penalties of perjury that it has not followed a racially discriminatory policy. In addition, the Attorney General of the United States, upon petition by an individual who claims to have been discriminated against by a school under a racially discriminatory policy, may seek a declaratory judgment in a United States district court in which the school is located that the school follows a racially discriminatory policy. If a final judgment is entered that the school follows a racially discriminatory policy, tuition tax credits are disallowed for the year in which the complaint is filed by the Attorney General and the two succeeding calendar years. The disallowance does not take effect until all parties have exhausted their rights to appeal the declaratory judgment.

The proposal defines a racially discriminatory policy as a policy under which a school refuses, on account of race: to admit applicants as students; to admit students to the rights, privileges, programs and activities generally made available to students by the school; or to allow students to participate in its scholarship, loan, athletic or other programs. A racially discriminatory policy does not include the failure by a school to pursue or achieve any racial quota, proportion, or representation among its students.

The proposal is effective for tuition expenses paid after December 31, 1982, in taxable years beginning after that date.

TUITION TAX CREDITS
GENERAL EXPLANATION

Current Law

A taxpayer may deduct ordinary and necessary expenses paid or incurred in carrying on a trade or business or for the production of income. A taxpayer's personal, living, or family expenses are not deductible.

In general, education expenses are not deductible because they are personal or capital expenses. Consequently, education is normally funded with tax-paid dollars. There are three exceptions to this rule. First, certain educational expenses may qualify as business expenses and thereby become deductible. Second, employees may receive tax-free education benefits under qualified educational assistance programs. Third, scholarships and fellowships are nontaxable. In addition, the charitable deduction provisions of the tax law may facilitate the provision of educational services at less than their full economic cost.

Educational expenses of a taxpayer are deductible as a business expense if the education maintains or improves the skills the taxpayer needs in his employment or in his trade or business or is a requirement for the taxpayer to continue in his employment or trade or business. Expenses for education that qualifies a taxpayer for a new trade or business, or which a taxpayer incurs to meet minimum educational requirements that will qualify him for employment or for a trade or business, are not deductible. If a taxpayer travels away from home primarily to obtain education, the expenses of which are deductible, expenses for travel, meals, and lodging are deductible.

In general, amounts paid by an employer to an employee for educational expenses are taxable compensation to the employee and the expenses are deductible by the employee only if they meet the business expense test. However, employees may exclude from income amounts paid by an employer under an educational assistance program that meets certain statutory requirements. The program must be offered on a nondiscriminatory basis only to employees without being an alternative to a taxable benefit. The education need not be job-related but cannot be instruction for sports, games, or hobbies. Excludible amounts include amounts for tuition, fees, and similar payments, and books, supplies and equipment, but not tools or supplies that the taxpayer keeps after he completes the education. An employee cannot exclude amounts paid under an educational assistance program and deduct the expense as business expenses. The tax-favored treatment of educational assistance programs expires for taxable years beginning after December 31, 1983.

An individual may exclude from gross income scholarships and fellowship grants, including the value of contributed services and accommodations, and amounts received specifically to cover expenditures for travel, research, clerical help, or equipment in conjunction with an excludible scholarship or fellowship. A candidate for a degree may exclude the scholarship or fellowship to the extent that it is not compensation for part-time employment, such as teaching or research. An individual who is not a candidate for a degree may exclude a maximum aggregate amount of scholarships and fellowships of \$300 per calendar month for a lifetime maximum of 36 months.

In general, charitable contributions made by a taxpayer are deductible. An individual who makes charitable contributions during a taxable year to an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on may deduct the contributions up to an amount equal to 50 percent of his adjusted gross income for the year, with carryover deductions of any excess to the five succeeding taxable years.

Under certain circumstances, a taxpayer may deduct as a charitable contribution to a school amounts that he pays to maintain a student as a member of his household. The student cannot be a dependent or a relative of the taxpayer and must be in full-time attendance in grade twelve or lower at a school in the United States. The taxpayer must have a written agreement with the school concerning the student and must maintain the student as part of a program to provide educational opportunities for students in private homes. The deductible amount is limited to \$50 per calendar month and includes amounts paid for tuition, books, food, clothing, and transportation.

A taxpayer may deduct state and local real property taxes paid or accrued during a taxable year only if the taxpayer itemizes deductions on his tax return.

A school may itself be exempt from income tax if it is organized and operated exclusively for religious, charitable, scientific, or educational purposes.

Reasons for Change

Alternative A: State and local taxes which finance public schools are deductible by those taxpayers who itemize their deductions. In order to mitigate the economic burden of taxpayers who choose to educate their children in private elementary and secondary schools, private education tuition expenses should receive tax-favored status.

Alternative B: The existence and availability of alternatives to public education improve the educational

opportunities of all Americans. Increasing numbers of American families are unable to afford nonpublic school tuition in addition to the state and local taxes that support public schools. Tax relief for nonpublic school tuition expenses is necessary to give American families a meaningful choice between public and private education at the elementary and secondary level. A tax credit for tuition expenses is the fairest way to extend the choice between private and public education to a wide range of individuals with a minimum of complexity.

Proposal

The proposal allows an individual taxpayer to take a credit against income tax in an amount up to 50 percent of the qualifying tuition expenses paid by the taxpayer in a taxable year. Qualifying tuition expenses are expenses paid for tuition and fees to send certain dependents under the age of 20 full-time to private elementary or secondary schools. Qualifying tuition expenses do not include amounts paid for books, supplies, equipment, meals, lodging, transportation, or personal expenses, or for education below the first-grade level or above the twelfth-grade level.

The credit is allowed only for expenses paid with respect to students for whom the taxpayer is allowed a dependency exemption and who bear any of the following relationships to the taxpayer: children and descendants; stepchildren; siblings, stepbrothers, and stepsisters; nieces and nephews; and members of the taxpayer's household, other than the taxpayer's spouse, whose principal place of abode is the taxpayer's home. To be allowed a dependency exemption, the taxpayer must provide more than half of the student's support for the calendar year in which the taxpayer's year begins, and except for the taxpayer's children and stepchildren, the student must have less gross income than the amount of the exemption.

The amount of the credit that is allowable for the taxable year with respect to a student is subject to two limits. First, the maximum amount of credit that may be claimed by the taxpayer for each student in any taxable year is \$100 for the taxpayer's first taxable year beginning on or after January 1, 1983, \$300 for the first taxable year beginning on or after January 1, 1984, and \$500 for taxable years beginning on or after January 1, 1985.

Second, the maximum amount of credit per student is reduced as the taxpayer's adjusted gross income increases over \$50,000 and is phased out entirely for taxpayers with adjusted gross incomes of \$75,000 and over. For the first taxable year beginning on or after January 1, 1983, the \$100 per student maximum credit is reduced by .4 percent of the taxpayer's adjusted gross income over \$50,000; for the first taxable year beginning after January 1, 1984, the \$300 per student maximum credit is reduced by 1.2 percent of the taxpayer's adjusted gross income over \$50,000; and for taxable years beginning on or after

January 1, 1985, the \$500 per student maximum credit is reduced by 2.0 percent of the taxpayer's adjusted gross income over \$50,000.

The amount of tuition expense for which a taxpayer is allowed a credit does not include expenses that are paid by scholarships and other educational aid that are not includible in the taxpayer's or in the student's income. If the scholarship is paid directly to the school and the school sends a tuition bill to the taxpayer that is net of the scholarship, the taxpayer is not deemed to have been paid the scholarship; the scholarship is excluded from the computation of tuition expense altogether.

A school with respect to which credits are allowable must provide a full-time elementary or secondary school program and must be a not-for-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

In order for tuition expenses to be eligible for the credit, the school must annually file with the Secretary a statement under the penalties of perjury that it has not followed a racially discriminatory policy. In addition, the Attorney General of the United States, upon petition by an individual who claims to have been discriminated against by a school under a racially discriminatory policy, may seek a declaratory judgment in a United States district court in which the school is located that the school follows a racially discriminatory policy. If a final judgment is entered that the school follows a racially discriminatory policy, tuition tax credits are disallowed for the year in which the complaint is filed by the Attorney General and the two succeeding calendar years. The disallowance does not take effect until all parties have exhausted their rights to appeal the declaratory judgment.

The proposal defines a racially discriminatory policy as a policy under which a school refuses, on account of race: to admit applicants as students; to admit students to the rights, privileges, programs and activities generally made available to students by the school; or to allow students to participate in its scholarship, loan, athletic or other programs. A racially discriminatory policy does not include the failure by a school to pursue or achieve any racial quota, proportion, or representation among its students.

The proposal is effective for tuition expenses paid after December 31, 1982, in taxable years beginning after that date.

Revenue Estimate

OFFICE OF GOVERNMENT LIAISON

1312 MASSACHUSETTS AVENUE, N. W. • WASHINGTON, D. C. 20005 • 202/659-6606

**UNITED STATES
CATHOLIC CONFERENCE**



May 26, 1982

Rm 128

Mr. Jack Burgess
Special Assistant to the President
The Executive Office of the President
The White House
Washington, D. C. 20500

Dear Mr. Burgess:

Enclosed is the comments from the USCC on the draft of a tuition tax credit bill which I discussed with you yesterday.

I want to thank you very much for your assistance in this matter. We appreciate your extra efforts under difficult circumstances.

Sincerely,

James L. Robinson
James L. Robinson
Director

JLR/ct1

Enclosure

- 1) At the end of each bill, as a separate section a separability clause providing:

"If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby and shall be given effect as if enacted independently of the invalid provision."

- 2) After the third finding in section 2, to give recognition to the financial burden on families, particularly those with children in secondary schools:

"Families who choose to educate their children in private educational institutions bear a heavy financial burden, particularly for education at the secondary level."

- 3) The following new definitions as separate subsections in the definitions section:

"SECONDARY SCHOOL. The term 'secondary school' means a school which provides secondary education from grades 9 through 12.

ELEMENTARY SCHOOL. The term 'elementary school' means a school which provides elementary education from grades 1 through 8."

THE WHITE HOUSE
WASHINGTON

Bell

From Jim Polman
of USOC, as
promised.

John S. ...
6/8



UNITED STATES CATHOLIC CONFERENCE

1312 MASSACHUSETTS AVENUE, N. W. • WASHINGTON, D. C. 20005

MOST REVEREND JOHN R. ROACH, D.D.
ARCHBISHOP OF SAINT PAUL AND MINNEAPOLIS
President

REVEREND DANIEL F. HOYE
General Secretary

REVEREND MONSIGNOR THOMAS J. LEONARD
Associate General Secretary

June 9, 1982

The Honorable Fortney H. Stark
Chairman
Subcommittee on Select Revenue Measures
House Ways and Means Committee
United States House of Representatives
Washington, D. C. 20515

Re: H.R.5573 - A proposal to encourage contributions
of computers and other sophisticated technological
equipment to elementary and secondary schools.

Dear Mr. Chairman:

I am writing on behalf of the United States Catholic Conference, the organization of the Roman Catholic Bishops of the United States, to comment on H.R.5573, a bill introduced by yourself to encourage the contribution of technological equipment to elementary and secondary schools. The Bishops are responsible for the direct operation of approximately 7,600 elementary and 900 secondary schools. An additional 650 secondary and 500 elementary schools are operated separately by Catholic religious organizations under the authority of the Bishops.

The Problem

Different treatment is given to Catholic elementary and secondary schools under the provisions of the bill depending upon the organizational structure.

H.R.5573 would not extend tax benefits on contributions of equipment to Catholic elementary and secondary schools that are organizationally part of a larger entity such as a parish or diocese. The bill would, however, permit tax benefits on contributions to separately organized Catholic schools.

Letter to The Honorable Fortney H. Stark
June 9, 1982
Page Two

Explanation

This disparate treatment is a result of Section 1.170A-9(b)(1) of the Income Tax Regulations, which provides that the term 'educational organization described in Section 170(b)(1)(A)(ii) of the Internal Revenue Code' does not include organizations engaged in both educational and non-educational activities unless the latter are merely incidental to the educational activities. Thus, where a parish or diocese operates an elementary or secondary school that is not organizationally a separate entity, in most cases its non-educational activities will not be "merely incidental" to its educational activities. This results in denial of favorable tax treatment to contributions of technological equipment made for the use of such schools.

Suggested Remedy

We propose language for subparagraph 5(E) which is substantially similar to the language contained in Section 4221(d)(5) of the Internal Revenue Code, which defines "non-profit educational organization" for purpose of the exemptions from retailers and manufacturers' excise taxes for fuels and articles sold to a non-profit educational organization for its exclusive use.

Proposed Amendatory Language to H.R.5573

Amend subparagraph (5)(B)(i) to read as follows:

"(i) the contribution is to a qualified educational organization which is not an institution of higher education (as defined in Section 3304(f)),

Add a new subparagraph 5(E) to read as follows:

"(E) QUALIFIED EDUCATIONAL ORGANIZATION. --
For purposes of this paragraph, the term
'qualified educational organization' means --

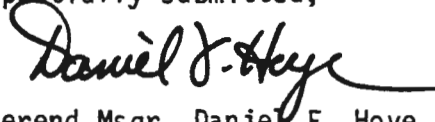
"(i) an educational organization which is described in subsection (b)(1)(A)(ii) of this section, or

Letter to The Honorable Fortney H. Stark
June 9, 1982
Page Three

"(ii) a school operated as an activity of an organization described in Section 501(c)(3) and exempt from income tax under Section 501(a) if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on."

We appreciate the opportunity to express our views on this legislation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel J. Hoyer", with a long horizontal flourish extending to the right.

Reverend Msgr. Daniel F. Hoyer
General Secretary
United States Catholic Conference

THE WHITE HOUSE
WASHINGTON

Date 6/9/82

To: Bill Barr

From: Morton C. Blackwell *MR*

_____ Please respond on behalf of
the President

_____ Please prepare draft for
Elizabeth Dole's signature

_____ Please prepare draft for
my signature

_____ FYI


_____ Let's discuss

THE WHITE HOUSE

WASHINGTON

June 9, 1982

MEMORANDUM FOR ELIZABETH H. DOLE

THRU: DIANA LOZANO
FROM: MORTON C. BLACKWELL 
SUBJECT: Tuition Tax Credit Bill

Here is an update on the status of our working group's effort to draft a passable tuition tax credit bill.

The major meeting was an eight and one-half hour meeting on May 25 which included, at least initially, representation from OPL, OMB, OPD, Treasury, Justice, and Education. Subsequent meetings have refined our basic draft.

From the outset we realized that it would not serve the President's interest to submit to the Congress a bill which would fail to win support of the major supporters of tuition tax credit, namely the key activists behind the major Catholic, Protestant, Jewish, and secular private schools.

Most people involved are displeased with the proposal to set income ceilings for families benefiting. But that (to me outrageous) sop to our foes has not alienated any significant supporters.

Our major controversy has been in the area of anti-discrimination. Here we have to accomplish two tasks:

1. Make sure that no racially discriminatory school could benefit from the provisions of our bill.
2. Make sure that we protect private, particularly church-related schools from any further intrusion in their operation by the Federal government.

In pursuit of these two goals, we developed many alternate provisions for inclusion in the President's bill. I was responsible for the circulation of four entire alternate bills. These bills, along with other drafts of proposed anti-discrimination provisions, were carefully and promptly distributed by Jack Burgess and me among the major groups supporting the concept of tuition tax credit.

Our effort was to bring these people gradually together as a coalition with a consensus in favor of our final product.

Current status is this: the working group has achieved a current draft which is supported by almost all the leaders who favor enactment of a bill. The exceptions and qualifications are few and should not prevent adoption of our current bill (or one very like it) by the President.

These are the remaining exceptions to full support among those whose schools would benefit:

1. There will always be a small segment of the fundamentalist Protestant community which will oppose any bill which does not make church affiliation a bar to enforcement of anti-discrimination provisions. The Bob Jones University folks, for instance, will not favor this draft.

It should be noted here that we have made great progress since the bitter tax exempt status discussions in January with Protestant school leaders and conservative movement activists. By bringing them and attorneys they trust along with us in our deliberations, we have won the dedicated support of this draft from the great majority of the Protestant "Christian School Movement". This despite the strong provisions in our bill which will exclude all benefits to parents who choose to send their children to church-operated but racially discriminatory schools.

2. There is not yet unanimous support in the Catholic community for this draft. The Catholic educators are strongly with us, as are many key leaders of the church heirarchy. Some liberal staffers at the Conference of Catholic Bishops are dragging their feet. They have declined to endorse or condemn any of the drafts, including the current one.

Discussions are continuing between OPD lawyers and lawyers of the National Conference of Catholic Bishops. We are also taking steps to brief Cardinals and other top Catholic non-staffers, in an attempt to convince them that the anti-discrimination provisions have real teeth (which they do).

In my judgment, some of the Catholic staff liberals would rather have no tuition tax credits than to have a Reagan-passed tuition tax credit law. They know the points such a law would score in their parishes for the President, whom they are fighting in virtually all other legislative areas. They have invested a great deal of effort in planting in Catholic publications the suspicion that the Administration is not serious about passing tuition tax credit legislation.

The saving grace in this situation is that these recalcitrant staffers cannot afford to accept the blame themselves for failure to pass a bill this year.

If we handle this situation carefully, pressure from the pews, from the Cardinals, and from the Catholic educators will combine with fear of being pinned with the blame for killing a good bill. The liberal Catholic staffers may have no choice but to cave. They should soon resign themselves to endorsing the bill, even though we will get much credit for drafting and passing tuition tax credits.

Among those who oppose tuition tax credits, or who don't care either way, we will have three main problems:

1. Civil rights groups have an animus against private education and can be relied upon to oppose any bill which could be supported by the strong coalition which supports tuition tax credit.

Mel Bradley is working hard to limit the intensity of their opposition, which is the best we can look for. As long as we can demonstrate the bill really has teeth against racially discriminatory schools, we can proudly defend it against criticism from this quarter. Moreover, there are many black educators and black religious leaders prepared to get out in front for this draft bill.

2. The NEA and the AFT are sure to oppose this bill, of course. That opposition will be added to their opposition to virtually everything else we are trying to do.

In this case, the teachers unions will be clearly self-serving. The parents out there know how public education has deteriorated as the teachers unions have grown. The attractive idea of giving parents a means of escaping from the teachers unions' monopoly will more than balance the union opposition to the bill.

3. The internal hurdle the working group draft must clear is sure to be the militance of some Treasury Department officials. They will fight a last ditch turf battle against this draft.

Our draft requires that tuition tax credit schools have 501(c)(3) status, which is under Treasury jurisdiction and which carries with it the IRS anti-discrimination requirements. But the draft adds another layer of anti-discrimination requirements which will be enforced by the Attorney General through the Civil Rights Division.

Although warned by Mr. Meese that Treasury will not have a veto over the draft, Treasury officials have shown utterly no interest in drafting a bill which will pass.

If these Treasury people get their way, they will lead the President back into January's tax exempt status impasse. If they win this turf battle, the bill will be a dead duck. The President would be attacked by the liberal Catholic publications for raising false hopes and by the Christian School movement for supporting further IRS assaults on the operations of their schools.

Our judgment was right in picking this issue for a major Presidential initiative. If our draft is launched by the President, we will win lasting credit with the growing percentage of parents of all faiths who want the choice to opt out of the public school system. The pressure will then be great for the public school systems to shape up.

In its current draft, there will be more and better organized grassroots effort in behalf of this tuition tax credit bill than even for the Voluntary School Prayer Amendment.

Bauer

→ Title I

→ Tax Credit ^{Leads}
Reagan letter to Bishops

→ NCEA first week of
April - East lawn
reception at The WH

→ 15 - 20,000 people
→ tickets ~~4,000~~

→ Roosevelt - 25 educational
chiefs of 25 largest dioceses

Roosevelt room

State deputies of K&C
w/i next 6 months
hold in Washington -
briefing -

① abortion

② t.t.c.

③ nuclear freeze

→ picture taking

→ picture seen in every
diocese

① DRAFT
public safety agencies

~~STAFF~~

② ALL AREAS OF DOMESTIC RELATIONS LAW

- legal equality supercedes factual inequality
- homosexual rights

③ SINGLE SEX EDUCATION

④ PRIVACY

- unisex
- dormitories
- prisons

Vernon

Locks

48 handsome

Yale

Harv. MBA

Baxter + Travenol

Lab. In

1.7 billion

- phor - hosp. supplies
- 17 countries marketing

⑤ CRIMINAL

- Rape
- prostitution

Jamb. →
Schweiker

1981 Law Omb, Bud
Recon.

new dual reimb. sys.
Kidney failure rate
treatment at home

THE WHITE HOUSE

WASHINGTON

June 9, 1982

MEMORANDUM FOR BILL BARR

FROM:

THELMA DUGGIN *td*

SUBJECT:

Tuition Tax Credit Meeting, OEOB Room 194
June 9, 1982, 3 p.m.

Approximately 240,000 Black children are enrolled in Catholic schools. Although only 1.5% of all Catholics are Black, almost 8% of all children in Catholic schools are Black. There is much interest in the Black Catholic Community on the issue of Tuition Tax Credit; however, there is no overall stated position. While many Black Catholics support the concept, they have raised the following concerns:

- Will there be safeguards against those private schools that discriminate?
- Since many Blacks who attend Catholic schools in the inner city are from low income families who have no tax debts, will there be any provisions to help them?
- Will these tax credits redirect the Catholic schools from the traditional clients toward the children of the more affluent Catholic population?
- Would such a shift initiate the closing of inner city schools which serve the low income minorities.
- What will be the overall educational impact on Blacks?

Even though there have been some outspoken Black Catholics, such as Bishop Likes who are supporting this issue, the Black Catholic organizations have been very quiet.

PARTICIPANTS

Father Frederick Hinton, St. Joseph Seminary

Mr. Robert Robertson, Coordinator, National Black Lay Catholic
Caucus

Mr. James Hnederson, Executive Director, National Office of
Black Cahtolics

Ms. Jackie Wilson, Executive Secretariat for Black Catholics

Father Bruce Greening, St. Benedict the Moore Church

Dr. Catherine Cole (tentative), Superintendent Catholic Schools,
Washington, D.C.

Dr. Sympram Rowe, Executive Director, National Black Catholic
Clergy Caucus



"ETERNAL VIGILANCE IS THE PRICE OF LIBERTY"

The National Christian Action Coalition applauds President Reagan's initiative on tuition tax credits, and will be urging its members to work for passage of this important legislation.

In the last two decades, we have witnessed an unparalleled growth in Christian education. As the quality of government education declines, more and more parents are looking to their church to teach their children.

Parents of children in private or church-run schools now carry a double burden in education. They pay for government schools with their taxes, and private school tuition with their limited take-home pay.

I have no doubt that these parents would keep their children in Christian schools whether or not Congress passes the tuition tax credit bill, but it makes sense to provide relief for these parents who carry this double tax burden. Beyond that, a tuition tax credit will make it financially easier for lower income families to enroll their children in private schools.

We look forward to working with the Congress on this legislation.

#

The National Christian Action Coalition has for six years been the foremost legislative conduit between Washington and our nation's Christian schools. The President of NCAC is William Billings, who prior to moving to Washington served as administrator of three Christian schools--in Indiana, Hawaii and Florida. NCAC is happy to provide background and observations on Christian education with members of the press.

National Christian Action Coalition
Box 1745, Washington, D.C. 20013 (703) 941-8962



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ORTHODOX JEWS SUPPORT PRESIDENT'S TUITION TAX CREDIT INITIATIVE

Washington -- "Orthodox Jews, regardless of background, are united in their support for President Reagan's tuition tax credit initiative," it was asserted here by Rabbi Menachem Lubinsky, director of Government and Public Affairs of Agudath Israel America, a major national Orthodox Jewish group. Joining with other religious and private school leaders when the President announced that he had sent his tuition tax credit initiative to Congress, Rabbi Lubinsky said that his organization "fully supported the Reagan initiative because it finally recognized the rights of parents of children in private schools instead of treating them as second class citizens."

The organization also announced that its network of committees and coordinators in 31 cities under the name "Campaign to Relieve Independent Education" would be mobilized for an intensive campaign to win support in the Congress during the coming weeks. Rabbi Lubinsky said that Orthodox Jews would team up with private school leaders from around the country in an unprecedented cooperative campaign. According to the U.S. Department of Education, there are more than 100,000 students in nearly 550 day schools throughout the country.

In its statement, Agudath Israel said that "the President's plan met all of the objectives that the organization had established when it first became one of the leading advocates for tuition tax credits 15 years ago." It said that the

DIVISIONS: National Youth Commission; Zeirei Agudath Israel; Bnos Agudath Israel; Pirchei Agudath Israel; Bachurei Agudath Israel/Agudist Women's Organization; N'shei Agudath Israel/Camp Agudah/Camp Bnos/The Jewish Observer/Dos Yiddishe Vort/Commission on Legislation and Civic Action/Commission on Israel/Commission on Overseas Rescue and Relief/Commission on Social Services/Commission on Senior Citizens/Project COPE (Career Opportunities and Preparation for Employment)/COPE Vocational Institute/Commission on Latin American Jewry/National Commission on Jewish Ethnic Affairs (Judaiscope, Southern Brooklyn Community Organization)/Commission on Branch Service and Development/Commission on Adult Torah Education; Daf Yomi/Jewish Education Program (JEP)/Torah Education Network (Reshet Shiurei Torah)/Torah Action Program (TAP)/Project RISE (Russian Immigrant Services and Education)/Russian Immigrant Rescue Fund/Project YAD for Russian Jewry/Agudist Benevolent Society/Chevre Oseh Chesed

bill provided only for a \$100 tax credit in its initial year, which will have only a minimal impact on the budget and will certainly not serve as a trade-off for public school dollars. Agudath Israel rejected arguments that tax credits would encourage parents to shift to nonpublic schools. The Orthodox organization added: "It was inconceivable that parents of public schools would give up the benefits of a free education for a minor tax credit." Agudath Israel said that the strict anti-discrimination enforcement of the bill also guaranteed that the measure would not support segregated schools. Finally, the organization said that its attorneys were confident that a tuition tax credit measure would eventually be upheld as constitutional. Rabbi Lubinsky urged skeptics to let the Supreme Court do its job by ruling on the constitutionality of the measure.

Rabbi Morris Sherer, president of Agudath Israel of America, said: "Tuition tax credits is a measure whose time has come. As the nation seeks to return to traditional values, it goes without saying that recognizing the rights of parents to educate their children in the school of their choice is a giant step forward for our nation. By granting parents of children in private schools a tax credit, we will be sending a powerful message that education is one of the highest priorities of our land and that the free exercise of choice is consistent with the democratic principles which have shaped our society."

The organization also expressed the hope that secular Jewish groups which have traditionally opposed a tax credit measure would recognize that tuition tax credits poses no threat to the traditional separation of church and state. It said that the relief provided to parents was merely a form of recognition of their legitimate rights and was in no way designed to change the role of religion in our society.

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The Council for American Private Education (CAPE) and a large majority of its member organizations strongly endorse President Reagan's plan for tuition tax credits. We fully support its major purpose of advancing the goal of equal education opportunity for school children which is now achievable to students only at the college and university levels. The legislation recognizes the critical current reality that for millions of American families the right of educational choice is increasingly negated by educational cost.

Through its focus on the educational costs to taxpaying families of moderate and low incomes, its clear denial of tax credits to families who choose to educate their children in racially discriminatory schools and its minimization of cost effects in a stringent budget period through a three-year phase-in, the plan meets three issues of central importance to member organizations.

CAPE's support of tuition tax credits does not preclude its continued support of and interest in the well-being of public schools. A strong system of diverse schools, both public and private, which meets the needs of our highly pluralistic and educationally demanding society is a crucial cornerstone of the American system. This legislation will broaden participation in that system and increase the commitment of all American families to improved schools of every kind.

Members: The American Lutheran Church • American Montessori Society • The Association of Evangelical Lutheran Churches • Association of Military Colleges and Schools of the U.S. • Christian Schools International • Friends Council on Education • Lutheran Church — Missouri Synod • National Association of Episcopal Schools • National Association of Independent Schools • National Association of Private Schools for Exceptional Children • National Catholic Educational Association • National Society for Hebrew Day Schools • Seventh-day Adventist Board of Education, K-12 • Solomon Schechter Day School Association • U.S. Catholic Conference. Associated state organizations in Arizona, California, Connecticut, District of Columbia, Florida, Georgia, Indiana, Kansas, Maryland, Michigan, Missouri, New Mexico, Oregon, Puerto Rico, Tennessee, Virginia, Washington, and Wisconsin.