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511 N. SECOND STREET  
P.O. BOX 1108  
HARRISBURG, PENNSYLVANIA 17108

*file*  
*Tuition*  
*Tax*  
*credits*

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July 8, 1983

MEMORANDUM: Mueller v. Allen (Minnesota Tuition Tax  
Credit Decision, U.S. Supreme Court,  
June 29, 1983)

A 1982 Minnesota statute permits taxpayers, in computing state income tax, to deduct from their computation of gross income the educational expenses set forth in §290.09(22), a copy of which is appended hereto as Appendix A. The deduction is limited to "tuition, textbooks and transportation" of dependents attending elementary or secondary schools. The deduction is limited to \$500. per dependent in grades K through 6 and \$700. per dependent in grades 7 through 12. These educational expenses may be incurred in public or in private (including religious) schools.

Certain taxpayers brought an action in the U.S. District Court for the District of Minnesota attacking this statute as violating the Establishment Clause of the First Amendment by "providing financial assistance to sectarian institutions."

The Supreme Court of the United States rejected that

challenge and held the statute to be constitutional.

The decision was 5 to 4, the majority consisting of Justices Rehnquist, Burger, White, Power and O'Connor. The dissenters were Justices Marshall, Brennan, Blackmun and Stevens.

The Court, in its opinion, justified its rejection of the Establishment Clause challenge by pointing out that "it is now well established that a state may reimburse parents for expenses incurred in transporting their children to school, and it may lend secular textbooks to all school children within the State" (citing the Everson and Allen decisions). Applying the three-part test laid down in Lemon v. Kurtzman as to whether a law violates the Establishment Clause, the Court noted that (1) the Minnesota statute has a secular purpose (that being "to defray the cost of educational expenses incurred by parents - regardless of the type of schools their children attend"). The Court buttressed this point by saying:

"An educated populace is essential to the political and economic health of any community, and a state's efforts to assist parents in meeting the rising cost of educational expenses plainly serves this secular purpose of ensuring that the state's citizenry is well educated. Similarly, Minnesota, like other states, could conclude that there is a strong public interest in assuring the continued financial health of private schools, both sectarian and non-sectarian. By educating a substantial number of students such schools relieve public schools of a correspondingly great burden - to the benefit of all taxpayers. In addition, private schools may serve as a benchmark for public schools. . ."

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(2) The Court now turned to the second prong of the Lemon test, inquiring whether the Minnesota statute advances the sectarian aims of religious schools. Here the Court noted that the deduction provided for in the challenged statute is only one among many deductions - such as those for medical expenses or for charitable contributions - available under the Minnesota tax laws. The Court therefore respected Minnesota's judgment that a deduction for educational expenses "barely equalizes the tax burden of its citizens and encourages desirable expenditures for educational purposes." Further, the Minnesota tax benefit "is available for educational expenses incurred by all parents, including those whose children attend public school. . ." This, in the view of the Court, helps make the statute "neutral" - i.e., not a special benefit to religious schools. Again, the Court believed that the channeling of assistance to parents - rather than to schools - "has reduced the Establishment Clause objections", even though the financial assistance provided to parents ultimately has an economic effect comparable to that of aid given directly to the schools.

(3) The Court, in examining the third Lemon test pertaining to "excessive entanglements" found that no such entanglements could arise under the Minnesota statute.

## COMMENT

Breadth of benefits under the Minnesota statute. The Court noted that the statute permits deduction of a broad range of educational expenses. These include ordinary tuition, certain summer school tuition, tuition charged by a school for slow learner private tutoring services, tuition for instruction provided by an elementary or secondary school to students who are physically unable to attend classes at such schools, tuition charged by a private tutor or by a school that is not an elementary or secondary school, if the instruction is acceptable for credit in an elementary or secondary school, Montessori School tuition for grades K through 12, tuition for driver education when it is part of the school curriculum, and not only textbooks, but such items as cost of tennis shoes and sweatsuits for physical education, rental fees for musical instruments, cost of pencils and special notebooks, costs of supplies needed for art classes, etc., etc. Your attention is particularly called to Appendix A.

Limitations. Eligibility for the tax benefit depends upon the student's being enrolled in a school in which he may fulfill the state's compulsory attendance laws, which is not operated for profit, "and which adheres to the provisions of the Civil Rights Act of 1964 and Chapter 363." It is obvious, then, that in any state wherein a tuition tax deduction statute such as this might be adopted, particular attention would need to be paid to the provisions of the compulsory attendance law. As we know, the compulsory attendance laws of some states are extremely oppressive. I think we can depend upon it, too, that the state NEA

affiliates, in any state which now seeks to adopt a tuition tax deduction statute, will seek to increase the requirements of the compulsory attendance laws so as to make all schools totally subject to state regulation.

As to the language, "adheres to the provisions of the Civil Rights Act of 1964 and Chapter 363.", great caution would be needed in the drafting of a tuition tax deduction act in any particular state. "Civil Rights Act of 1964" undoubtedly is intended to mean the federal Civil Rights Act. This contains many provisions and has been subject to many court interpretations, some of which are inconsistent with the liberties of a religious school. Opponents of the tax deduction concept will very likely seek to write anti-discrimination provisions (involving race, sex, handicap, age - and possibly religion) into tuition tax deduction bills introduced in state legislatures. Further, we must not forget that in Minnesota and any other state which has similar anti-discrimination provisions written into its tuition tax deduction law already strong efforts may be made to enforce the very letter of the civil rights provisions, as a condition for what would amount to the "eligibility of the school."

\* \* \* \* \*

This decision marks a distinct break from the major decisions of the past regarding statutes aimed to give relief to parents whose children are enrolled in private schools. A majority of the Court is now in basic agreement that government may utilize the tax structure to accommodate parental liberties and religious liberty in education. Conversely, by that fact, it implicitly recognizes that the present public education tax structure burdens parents who desire to educate their children in nonpublic schools. Another salutary aspect of this opinion is the Court's rejection, at long last, of the principle it stated in Lemon, that the Constitution requires that religious bodies not engage in political activities, since this supposedly causes "division along religious lines". That incredible principle is reduced by the majority in this case to situations pertaining to direct subsidy to religious schools. That is all to the good.

A further good thing about the case is that, neither in the opinion of the Court, nor in the dissenting opinion, is there any dwelling upon public control of religious schools, public regulation of nonpublic schools, or the need for detailed regulation to prevent discrimination. The Court's opinion is very "positive" about parental rights and about the great contribution of private (including religious) schools. I particularly like the following statement of the Court:

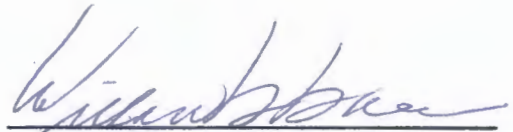


". . . there is a strong public interest in ensuring that continued financial health of private schools, both sectarian and non-sectarian. By educating a substantial number of students such schools relieve public schools of a correspondingly great burden - to the benefit of all taxpayers. In addition, private schools may serve as a benchmark for public schools. . ."

That is all to the good. Indeed, that very statement will be helpful in efforts to preserve the liberties of religious schools.

As I have indicated above, the major problem to be watched, with respect to efforts to enact similar legislation, whether at the federal level or at the state level, will be provisions respecting public control of nonpublic schools and statutory nondiscrimination provisions allowing for broad governmental surveillance. Those matters can be handled through proper drafting. What must be avoided is any jubilant rush into tuition tax deduction legislation, heedless of the need to severely and specifically limit governmental powers connected therewith.

We will be happy to be open to your questions on this whole matter.



William B. Ball

WBB:dh

Enc.

## APPENDIX A

Minn. Stat. §290.09(22) (1982) permits a taxpayer to deduct from his or her computation of gross income the following:

Tuition and transportation expense. The amount he has paid to others, not to exceed \$500 for each dependent in grades K to 6 and \$700 for each dependent in grades 7 to 12, for tuition, textbooks and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this subdivision, "textbooks" shall mean and include books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state and shall not include instructional books and materials used in the teaching of religious tenets, doctrines or worship, nor shall it include such books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or programs of a similar nature."



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

May 16, 1983

*file Testimony  
tax credits*

The Honorable Robert Dole  
Chairman  
Senate Committee on Finance  
Washington, D.C. 20510

Dear Mr. Chairman: *Bob,*

Thank you again for the opportunity to testify on April 18, 1983, on the Educational Opportunity Act of 1983, S. 528. The Administration appreciates your moving toward markup on this bill so quickly. Before that time, however, I believe it might be helpful to the Committee for me to provide clarification on a number of issues raised by the Members at the April 28 hearing. I also request that this letter be submitted for the record.

In connection with the President's letter to you dated April 28, 1983, Members of the Committee asked where in the Constitution the parental right to choose between public and private education is recognized.

The basis of the right mentioned by the President is a holding by the Supreme Court in 1925 that recognized the "liberty of parents and guardians to direct the upbringing and education of children under their control." Pierce v. Society of the Sisters, 268 U.S. 510, 534-5 (1925). The Court states that this is a right guaranteed by the Constitution. Id. at 535.

The fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the state to standardize its children by forcing them to accept instruction from public teachers only. The child is not the mere creature of the state; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations.

Id.

The Supreme Court has applied another important principle from the First Amendment of the Constitution to the field of education: the idea of neutrality toward religion. Ever since a 1947 case involving public transportation to parochial schools, the Court has mandated that the state be "neutral in its relations with groups of religious believers and non-believers." Everson v. Board of Education, 330 U.S. 118 (1947). In 1968, the Court explained this neutrality argument in more depth in a case upholding the teaching of evolution in public schools.

Government in our democracy, state and national, must be neutral in matters of religious theory, doctrine, and practice. It may not be hostile to any religion or to the advocacy of no-religion; and it may not aid, foster, or promote one religion or religious theory against another or even against the militant opposite. The First Amendment mandates governmental neutrality between religion and religion, and between religion and nonreligion.

Epperson v. Arkansas, 393 U.S. 97, 103-104 (1968). See also Zorach v. Clauson, 343 U.S. 306, 312 (1952) (The Court upheld a religious educational "release time" program, holding that the State and religion must interact; otherwise, they "would be aliens to each other -- hostile, suspicious, and even unfriendly."). The tuition tax credit bill fosters the notion of neutrality toward religion in education.

Members of the Committee asked why the Administration's bill does not provide refundability. We view our proposed education bills as a package. All 12 of the education bills we have submitted to this Congress are necessary and sound, and each addresses a different area of need. Each bill is only one part of the overall goal of improving this nation's educational systems.

The Administration's voucher bill, H.R. 2397, the Equal Educational Opportunity Act of 1983, which would amend the Education Consolidation and Improvement Act of 1981, is one method we propose for assisting eligible Chapter 1 students and their parents to have an opportunity to choose a school setting. Many of the students who might qualify for a refund could be served adequately by the voucher program, in which they may be eligible to receive their share of the Chapter 1 funds allocated to their district in the form of a voucher. The state or local educational agency would determine whether the student can receive a voucher in lieu of the more traditional Chapter 1 services. This voucher, which would average approximately \$500, could be applied by the parents to the tuition of a private school or a public school outside the student's district. This amount exceeds the value of the highest tax credit available under S. 528. Therefore, a refundability provision would duplicate the purposes of the voucher bill and is, we believe, unnecessary.

A third issue raised by Committee Members was whether a tax credit acts as federal financial assistance to private schools. It has always been the Administration's position that a tax credit for parents is not a subsidy to the school. The Supreme Court recognized a similar idea in Walz v. Tax Commission, 397 U.S. 664 (1970), in which it upheld the right of a state to grant a property tax exemption to places of worship.

The grant of a tax exemption is not sponsorship since the government does not transfer part of its revenue to churches but simply abstains from demanding that the church support the state. No one has ever suggested that tax exemption has converted libraries, art galleries, or hospitals into arms of the state or put employees "on the public payroll."

Id. at 675.

A credit to the parents for private school tuition acts in much the same way as an exemption to churches. The parents, like the churches, are merely being allowed to keep in their pockets money that they might otherwise have to pay to the government. There is never any transfer of government funds to the parents or churches. Private schools receive no direct benefit from the program, because the credit goes to the parents and no federal money is transferred to the schools.

Committee members raised the possibility of a requirement for state approval of a school prior to parental eligibility for a tax credit. Not all states have administrative procedures for the regulation of private schools. Further, in 23 states, these procedures are currently voluntary. Therefore, to require state approval or other regulation would lead to non-uniform application of the tax credit and would be unfair to schools which have not sought approval in states where it is not required.

The purpose of requiring state regulation is to insure a minimum quality of education in private schools. This is clearly a state responsibility and inappropriate for federal legislation.

Let me emphasize that the Administration fully endorses the concept that parents may not take a credit when they send their children to private schools that discriminate on the basis of race. The Administration has worked long hours with members of this Committee and their staffs, staff members of the Executive branch, and members of the private school community to develop a strong anti-discrimination provision. After much negotiation last Congress, the anti-discrimination provision now inserted into S. 528 was agreed upon and is, we believe, acceptable to this Committee.

The anti-discrimination provision is strong. Private schools that refuse, on the basis of race, to admit an applicant as a student, or admit a student to the rights, privileges, programs, and activities generally made available to students by the school, or refuse to allow any student to participate in its scholarship, loan, athletic, or other programs, simply cannot be classified as eligible institutions in the program.

The final anti-discrimination protection inserted in this bill is found in Section 6(a), which states that the bill may not be enacted until either the Supreme Court or an act of Congress mandates that schools maintaining a racially discriminatory policy or practice as to students may not receive 501(c)(3) status. Since the tuition tax credit bill requires eligible institutions to be 501(c)(3) schools, this provision satisfies the concerns that parents who send their children to such discriminatory schools will not receive credits.

There are, it is true, even broader anti-discrimination standards that the government could impose. Essentially, broader requirements would kill any realistic participation in the program for the large number of private schools that operate on an extremely tight budget and cater to the low-income students who will benefit most under this bill. Further, since the purposes of the bill are to provide tax equity, and to further educational choice for parents, rather than to aid private schools, this Administration believes there is no justification for applying the full panoply of federal regulations to the private school.

Finally, I want to stress again that this bill, rather than hurting minorities, will benefit them greatly. A study of 64 inner-city private schools revealed that over 70% of the students were minorities and 72% came from families with incomes with \$15,000, and 50% had incomes under \$10,000. A 1981 New York Times/CBS News survey indicated that blacks favored tuition tax credits by a 2 to 1 margin. See Kenneth F. Dunn, "People Want Tax Aid on Tuition," New York Times, Sept. 2, 1981, p. A-27.

The Administration in no way wants to limit our support toward improving public schools. The modest tax credit proposed is unlikely to lead to massive shifts of children from public to private schools. Indeed, historical evidence supports this hypothesis. In Minnesota, a tuition tax deduction against state income tax existed for several years during the early 1970's. During those years, enrollment in private schools actually declined at a time when public school enrollment increased. Also, the number of teachers in private schools declined relative to the number of public schools. In Minnesota, a maximum deduction of \$500 was established, significantly greater than the maximum credit allowed under the President's proposal.

Similar predictions of flight from public schools were made in 1965 when private school children were rendered eligible for Federal program benefits under the Elementary and Secondary Education Act. No harm to public schools has occurred as a result of private school student participation in those programs.

If private schools are to succeed in broadening the educational choices of our youth, particularly in the inner cities, it is important for the Federal government to provide the tax equity that may help the parents choose the school best suited to the individual needs of their child. The Catholic League for Religious and Civil Rights discovered why minority parents desire to send their children to private schools:

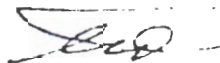
Why, then, do black and Hispanic inner city parents send their children to private schools in old delapidated (sic) buildings, to schools with totally inadequate facilities and equipment, to schools with teachers grossly underpaid, and in which they themselves are expected to contribute labor and services?

In our Catholic League study, minority parents answered that question in a voice that was virtually unanimous: They send their children to inner city private schools because they want a better education, a quality education for their children. And by quality education, they mean an education that includes religious and moral values as well as rules and discipline, an education which instills in their children a sense of self-respect, self-worth and high expectations in their ability to achieve, an education in which they themselves can contribute labor and services.

Blum O'Brien, "Inner City Private Elementary Education, Supplement to the Catholic League Newsletter, Vol. 8, No. 3 (1982).

The tax credits, deductions, and exemptions in our tax code are aimed at providing taxpayers an opportunity to take certain worthwhile actions. Because S. 528 would assist minority and other parents by providing a greater opportunity to choose an educational setting for their children, it is precisely the kind of addition to the tax code for which this Administration, and indeed this Congress, should work.

Sincerely,



T. H. Bell

5



file  
Tuition  
tax  
credits



South Dakota State Council



Knights of Columbus



John  
Tiller  
Morton Blackwell

April 25, 1983

President Ronald Reagan  
White House  
1600 Pennsylvania Avenue  
Washington, D.C.

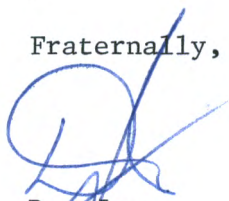
Dear President Reagan:

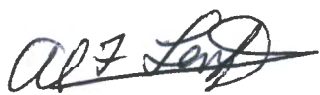
The South Dakota Knights of Columbus assembled in Pierre for their 79th Annual State Convention.

We urge your continued support of the Educational and Equity Act of 1983.

On this occasion, we wish to express our prayerful best wishes for a productive term in office.

Fraternally,

  
Don Joy  
State Deputy

  
Al F. Lentz  
State Secretary



The Supreme Court's recent decision to uphold tuition tax deductions in Minnesota has brought out all the usual attacks against giving parents greater choice in the education of their children. A favorite angle of attack, pursued not long ago upon this page by Yale Law Professor Robert Cover, is that tuition tax benefits undermine the achievement of equal opportunity in education by offering a "public subsidy for white flight." Though this argument is often used by critics of the private schools, there is mounting evidence to show that it simply is not true.

Current research shows that minority enrollment in private schools has increased considerably since 1970. Before 1970, total minority enrollment in private schools was below 5%. By 1977, black enrollment in private schools was about 8.3%, while Hispanic enrollment stood at 5.7%. In 1981, the National Assessment of Educational Progress found 12% blacks and 4% Hispanics among thirteen-year-olds in private schools. For the 1982-83 school year, the National Catholic Education Association reports 9.4% black enrollment and 9.7% Hispanics in Catholic elementary schools, with 8.8% blacks and 9.1% Hispanics among all Catholic schools. Compare these figures with the 11.7% blacks and 6.5% Hispanics among the general population in the 1980 census. Both blacks and Hispanics are obviously well represented in the private schools today.

But there is more to consider than just the overall enrollment of minorities in public and private schools. It is equally important to look at those minority students in their individual schools to see if they are mixed with or separated from other students.

B. 5000K

James Coleman, the sociologist whose earlier studies formed the basis for many judicial desegregation orders, has recently published a new study that includes the relative degrees to which public and private schools are segregated. In High School Achievement, Coleman and his coauthors, Hoffer and Kilgore, use a statistical formula to measure the segregation between different racial or ethnic groups with a given school system. (If two groups are mixed evenly, that is, if there is no segregation, then Coleman's "segregation index" is zero. If two groups are completely separated, the index is one.)

In light of Coleman's 1982 study, assumptions which have been cherished since the mid-sixties just don't stand up any more. The index of segregation between blacks and whites in public schools is .49. The index for private schools is only .29. In other words, black students and white students are better integrated in the private schools. A lot better.

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Private schools take students from all backgrounds and integrate them as well as or better than the public schools do. Hispanic and white students, for instance, are integrated about equally well in public and private schools. Students from high-income families and low-income families, ~~are-markedly~~ however, are markedly better integrated in the private schools. More importantly, though, private schools come far closer to the ideal of giving all students a common set of goals and and a common drive to succeed.

families. Public schools have an economic segregation index of .21, while the same index for private schools was only .16. Clearly then, private schools on the whole are neither shelters for the rich nor havens for white segregationists.

At first, it may seem surprising that private schools are better integrated than public schools. But on reflection, a number of reasons become readily apparent. To begin with, it is no secret that despite massive busing efforts in the past two decades, the public school system has not been able to bring the different races together. In fact, four out of five black students in public schools attend schools that are more than 50% black.

Private schools today are able to attract students by offering options that could appeal to anyone of any race or creed. Parents often choose particular schools based on quality education, discipline, character formation, or religious instruction. Such factors appeal to families black as well as white, to families poor as well as rich.

Tuition tax credits to foster choice and give all groups more access to the private sector would probably make the private schools even more integrated. Coleman concludes that blacks and Hispanics are slightly more likely than whites to use additional income -- not necessarily a tax credit -- for sending their children to a private school.

This is not surprising, either, since a CBS News exit poll in 1978 showed that minority voters tend to be more in favor of tuition tax credits than white voters. The poll found 64% of the

white voters favoring the tax credits. 72% of the black voters supported the credits, and 84% of the Hispanics were in favor. Perhaps minority families hold the option of private schooling in high regard because of the favorable experiences many have recently had with private schools.

*Concordia - not*  
The Catholic League for Religious and Civil Rights has done a survey of inner-city *athletic* schools and the families that have chosen them. The survey found that 95% of the parents agreed that "I am treated as if my opinion really matters." 98% thought their children spoke positively of the school. 74% of the teachers

In fact, the league concluded that the family-oriented atmosphere of these schools is the reason why they are so able to motivate their students.

~~atmosphere in these schools is often the reason for success. Minority teachers and principals provide strong models of leadership, responsibility, and academic success to children who may be missing one or both parents. Through their work at school, students learn patience and self-discipline, values they will later need to succeed in the job market. For many disadvantaged students, the extended family of their schools could be the substitute for a strong family environment they lack at home.~~

Poor families often make tremendous sacrifices for their choice of private education. One mother explained to the

Catholic League in the course of its survey, "I am hungry for my little girl to succeed in a way that mothers who finished college aren't." 15% of the families surveyed by the Catholic League earn less than \$5000 a year. 50% make less than \$10,000 a year. Even so, they pay a median tuition of \$400 per child. And 55% are paying for more than one child.

Among the families surveyed, 64% said they could not afford a tuition increase of \$15 a month. In other words, only \$135 a year can be a major financial factor.

The Administration's bill for a tax credit of \$300 per child would give these families some of the help they so desperately need. To a family earning \$50,000 a year, a \$300 credit is a nice gesture, but it's not the crucial factor it is to an impoverished family earning less than \$10,000 a year. To the family that could not afford an extra \$135 a year, \$300 could make all the difference.

Tuition tax credits could be one of the greatest steps that anyone has taken in a long time towards real equality of opportunity in education. Poor people would get some of the choice, mobility, and perhaps, even the quality that the more affluent have always had. Minorities would get fairer treatment. And we would all get better schools, regardless of which schools we choose.

**PASTOR**



It's **NOW** or **Never**

**On TUITION TAX CREDIT!**

President Reagan told us personally in the White House last week that he is ready to "pull out all the stops" and send out his bill on tuition tax credit to the floor of the Senate in October. Support fluxuates almost weekly to the degree that the N.E.A. puts pressure on Capitol Hill.

He needs us to help NOW or the issue will be dead by Christmas. He asked us to plead with you to write your two senators and congressman NOW. Please call your two senators today and ask them to "attach Senate Bill 528 to a revenue bill in process in the Senate." Then call your congressman, and ask for his support. Tell him it is only fair that parents be able to choose an alternative while being required to support public education, which they do not use.

Please have your people write letters to your senators and congressman in your next church service. It will work if you will pass out three sheets of paper and envelopes to each person. Give each one the names and Washington addresses of your

two U.S. Senators and the Congressman from your district. Give the people an idea of what to write and a few minutes for each letter to be written while the musicians play patriotic music. Collect the letters, put postage stamps on them, and mail them yourself. This is the only method that works.

The President told us candidly that the N.E.A. is currently the most powerful lobby influence in Washington. Of course, the N.E.A. opposes most of his activity. If we do not go to WORK now to help the President, the N.E.A. will kill any alternative support for private education.

Approximately thirty other organizations which back "Family" legislation were in attendance at the White House meeting and are making a push during the next two weeks. We are not alone, but it will take all of us to get the job done. Please act this week. If you have acted upon this issue before, please do so again. If this is your first time to respond, I urge you to use the tools of liberty God has given us in our representative legislative process to participate in good government.

## SENATORS UNDECIDED ON TUITION TAX CREDITS

Alabama  
Heflin (D)

Arizona  
DeConcini (D)

Hawaii  
Matsunaga (D)

Illinois  
Percy (R)  
Dixon (D)

Indiana  
Lugar (R)

Kentucky  
Huddleston (R)

Louisiana  
Johnston (R)

Mississippi  
Stennis (D)  
Cochran (R)

Nebraska  
Exon (D)

Nevada  
Hecht (R)

New Hampshire  
Rudman (R)

New Jersey  
Lautenberg (D)

New Mexico  
Domenici (R)

North Dakota  
Andrews (R)

Ohio  
Metzenbaum (D)

Pennsylvania  
Heinz (R)  
Specter (R)

South Carolina  
Thurmond (R)

South Dakota  
Pressler (R)

Tennessee  
Sasser (D)

Texas  
Bentsen (D)

Vermont  
Leahy (D)

Virginia  
Warner (R)

Washington  
Jackson (D)

West Virginia  
Randolph (D)  
Byrd (D)

Wisconsin  
Kasten (R)

## REPRESENTATIVES UNDECIDED ON TUITION TAX CREDITS

Alabama  
5. Flippo (D)  
6. Erdreich (D)  
7. Shelby (D)

Alaska  
1. Young (R)

Arizona  
3. Stump (R)

Arkansas  
3. Hammerschmidt  
4. Anthony (D)

California  
3. Matsui (D)  
4. Fazio (D)  
10. Edwards (D)  
11. Lantos (D)  
12. Zschau (R)  
13. Minetta (D)  
15. Coelho (D)  
16. Panetta (D)  
24. Waxman (D)  
27. Levine (D)  
30. Martinez (D)  
32. Anderson (D)  
34. Torres (D)  
35. Lewis (R)  
36. Brown (D)  
37. McCandless (R)  
38. Patterson (D)  
43. Packard (R)  
44. Bates (D)

Colorado  
4. Brown (R)  
5. Kramer (R)

Florida  
4. Chappell (D)  
7. Gibbons (D)  
12. Lewis (R)  
14. Mica (D)  
18. Pepper (R)

Georgia  
3. Ray (D)  
6. Gingrich (R)  
8. Rowland (D)

Illinois  
1. Hayes (D)  
2. Savage (D)  
3. Russo (D)  
7. Collins (D)  
8. Rostenkowski (D)  
11. Annunzio (D)  
15. Madigan (R)  
17. Evans (D)  
18. Michel (R)  
21. Price (D)

Indiana  
3. Hiler (R)  
8. McCloskey (D)  
9. Hamilton (D)  
10. Jacobs (D)

Iowa  
5. Harkin (D)  
6. Bedell (D)

Kansas  
5. Whittaker (R)

Kentucky  
2. Natcher (D)  
3. Mazzoli (D)  
6. Hopkins (R)  
7. Perkins (D)

Maryland  
2. Long (D)  
6. Byron (D)

Massachusetts  
1. Conte (R)  
3. Early (D)  
7. Markey (D)  
8. O'Neill (D)

Michigan  
2. Pursell (R)  
5. Sawyer (R)  
7. Kildee (D)  
9. Vander Jagt (R)  
10. Albosta (D)  
12. Bonoir (D)  
14. Hertel (D)  
16. Dingell (D)  
18. Broomfield (R)

Minnesota  
3. Frenzel (R)  
5. Sabo (D)  
6. Sikorski (D)

Mississippi  
1. Whitten (D)  
2. Franklin (R)  
3. Montgomery (D)

Missouri  
2. Young (D)  
6. Coleman (R)  
7. Taylor (R)  
9. Volkmer (D)

Montana  
2. Marlene (R)

New Jersey  
1. Florio (D)  
2. Hughes (D)  
9. Torricelli (D)  
10. Rodino (D)  
12. Courter (R)

New Mexico  
1. Lujan (R)  
2. Skeen (R)  
3. Richardson (D)

New York  
1. Carney (R)  
8. Scheuer (D)  
19. Biaggi (D)  
21. Fish (R)  
25. Boehlert (R)  
30. Conable (R)  
32. LaFalce (D)

North Carolina  
1. Jones (D)  
2. Valentine (D)  
4. Andrews (D)

Ohio  
3. Hall (D)  
6. McEwen (R)  
9. Kaptur (D)  
10. Miller (R)  
11. Eckart (D)  
13. Pease (D)  
16. Regula (R)

Oregon  
3. Wyden (D)

Pennsylvania  
2. Gray, III (D)  
9. Shuster (R)  
10. McDade (R)  
11. Harrison (D)  
17. Gekas (R)  
19. Goodling (R)  
20. Gaydos (D)  
23. Clinger (R)

Rhode Island  
1. St. Germain (D)

South Carolina  
1. Hartnett (R)  
6. Tallon (D)

Tennessee  
2. Duncan (R)  
7. Sundquist (R)  
8. Jones (D)  
6. Gramm (R)

Texas  
1. Hall (D)  
4. Hall (D)  
9. Brooks (D)  
11. Leath (D)  
14. Patman (D)  
16. Coleman (R)  
18. Leland (D)  
20. Gonzales (D)  
23. Kazen (D)

Virginia  
2. Whitehurst (R)

Washington  
1. Pritchard (R)  
2. Swift (D)  
3. Bonker (D)  
4. Morrison (R)  
6. Dicks (D)

West Virginia  
1. Mollohan (D)  
2. Staggers (D)

Wisconsin  
3. Gunderson (R)  
6. Petri (R)

Wyoming  
1. Cheney (R)

THE WHITE HOUSE  
WASHINGTON  
September 15, 1983

MEMORANDUM FOR: FAITH  
FROM: LINAS *Linas*  
SUBJECT: Catholic Bishops' Position on Tuition Tax Credits

I met today with Frank Monahan, Deputy Director of the office of Intergovernmental Affairs at the U.S. Catholic Conference. Monahan informed me that the USCC's Administrative Board voted unanimously today in favor of tuition tax credit legislation which would extend credits to both private and public schools. Attached is a copy of the USCC's news release on the vote.

Attached, for your signature, is a memorandum for Jim Baker, informing him of this decision, and recommending an appropriate reaction by the Administration. These memos have been coordinated with Morton.





# NEWS

DATE: September 15, 1983

FROM: William Ryan

O - 202/659-6700

H - 202/686-1824

FOR IMMEDIATE RELEASE

## BISHOPS URGE CHANGE IN TAX CREDIT LEGISLATION

WASHINGTON--The Administrative Board of the United States Catholic Conference (USCC) has urged Congress to revise pending tax credit legislation to include benefits for public as well as nonpublic school parents.

Such a broadening of the legislation would make it conform more closely to the Minnesota tax deduction program which the U.S. Supreme Court upheld in the Mueller v. Allen decision last June 29.

"It can of course be argued that nothing in the Supreme Court's recent decision clearly requires that this be done for constitutional reasons," the Board said. "Although that may be the case, we nevertheless conclude that the legislation should in fact be revised to conform more closely to the statute sustained in Mueller. For similar reasons, the Board continued, "We also strongly recommend that the legislation be broadened to include benefits for certain public and nonpublic education expenses covered in the Minnesota statute."

/more

## 2/Change in Tax Credit

The Administrative Board, composed of 47 bishops from throughout the country, is responsible for USCC policy between general meetings of the U.S. bishops. USCC is the national level action agency of the Catholic Church.

The board expressed its views on revising tax credit legislation in a statement issued September 15 at the conclusion of a three-day meeting here.

"The nonpublic education community has waited patiently for many years for Congress to act on tuition tax credits," the Board declared. "An overwhelmingly favorable case has been made for the legislation on educational and other grounds. The Mueller decision has alleviated constitutional concerns. In view of this, we urge Congress to act promptly to broaden the legislation along the lines we have described and then enact it without further delay."

Following is the full text of the Administrative Board statement:

The Supreme Court's decision June 29 upholding a Minnesota statute which provides tuition tax deductions for public and nonpublic school parents is an important step in the development of constitutional law in this area. Moreover, on the practical level the decision in Mueller v. Allen has significant positive implications for federal tuition tax credit legislation.

Since June 29 a number of questions have been raised relative to tuition tax credits and the Mueller decision. Among these is whether the tax credit legislation pending in Congress should be revised to include benefits for public as well as nonpublic school parents, as the Minnesota statute at issue in Mueller does.

/more

### 3/Change in Tax Credit

It can of course be argued that nothing in the Supreme Court's recent decision clearly requires that this be done for constitutional reasons. Although that may be the case, we nevertheless conclude that the legislation should in fact be revised to conform more closely to the statute sustained in Mueller. For similar reasons, we also strongly recommend that the legislation be broadened to include benefits for certain public and nonpublic education expenses covered in the Minnesota statute.

The nonpublic education community has waited patiently for many years for Congress to act on tuition tax credits. An overwhelmingly favorable case has been made for the legislation on educational and other grounds. The Mueller decision has alleviated constitutional concerns. In view of this, we urge Congress to act promptly to broaden the legislation along the lines we have described and then enact it without further delay.

# # #

X,A,ED,EDP,SCD

THE WHITE HOUSE  
WASHINGTON  
September 15, 1983

MEMORANDUM FOR: JAMES BAKER III  
FROM: FAITH RYAN WHITTLESEY  
SUBJECT: Catholic Bishops' Position on Tuition Tax  
Credits Legislation

I have just learned that the Administrative Board of the National Conference of Catholic Bishops unanimously passed a motion in support of a legislative amendment which would extend tuition tax credits (TTC) for both private and public education. In doing so, the NCCB/USCC is again marching out of step with the other members of the TTC Coalition, including the other Catholic members.

I recommend that the White House's official reaction to this vote be very low key:

We are aware of the vote of the Administrative Board of the National Conference of Catholic Bishops regarding tuition tax credit legislation. We do not believe this decision will significantly affect the generally agreed upon legislative strategy of the White House and the coalition in support of tuition tax credits.

THE WHITE HOUSE

WASHINGTON

October 20, 1983

Dear Catholic School Administrator:

I am writing to share with you the progress we are making in enacting a tuition tax credit bill. As you know, tuition tax credit legislation is one of the foremost priorities of my Administration, and we have been working to arrange a winning vote in the Senate.

On September 16, I met with representatives from the National Catholic Education Association, the U.S. Catholic Conference, and the Knights of Columbus, among others. At that meeting, I informed them that I had requested -- and Senators Robert Dole and Howard Baker had agreed -- that the Administration's bill, S. 528, be brought up for a vote in the Senate this Fall.

I know that you and the parents whose children attend your school are most interested in this proposed legislation. We agree that the primary authority over a child's education rests with his or her family. Parents have the right and duty to have their children educated in accordance with their own values. A tuition tax credit will greatly assist parents to exercise this right by giving more equitable Federal treatment to private as well as to public schools.

As the leader of your school, you may wish to share this progress report with your students and their parents. You deserve great credit for your long-standing efforts to complement our public school system, and your expressed concern for equitable tax treatment for private schooling has already played a crucial role in getting a tuition tax credit bill to the point where we can have a congressional vote.

You have my best wishes for a most successful school year. God bless you.

Sincerely,

Ronald Reagan

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Sincerely,

Ronald Reagan



# NATIONAL COALITION FOR TUITION TAX CREDITS

1435 G Street, N.W., Suite 854, Washington, D.C. 20005  
Telephone: (202) 638-6469

August 22, 1983

President Ronald Reagan  
The White House  
Washington, D.C. 20500

Dear Mr. President:

The leaders and members of the NCTTC working for passage of tuition tax credit legislation have been among your strongest supporters. We have devoted time, energy, and money to promote your tuition tax credit legislation. We have taken opponents to task and even those "supporters" who have, as we see it, contributed to confusing the issue.

However, Mr. President, we have reached a point where we are unsure of the sincerity for final passage of this bill on the part of White House staff and Congressional sponsors selected by the White House.

Your Commission on Educational Excellence stated that if a foreign power had done to American education what we ourselves have allowed, we would consider it an act of war. A similar remark could be made of the handling of the legislative battle on tuition tax credits. Opponents could not have done a better job of stopping the legislation!

Problems began the first day you met with tuition tax credit supporters, June 22, 1982. Senator Dole, and Congressman Gradison appear to have accepted the leadership on this issue only with reluctance. In fact, Senator Dole indicated that he was introducing the bill only at your request; Congressman Gradison told some of our members that he would neither sponsor nor co-sponsor the bill until hearings were held in the Ways and Means Committee. Although this situation was rectified within a few days it was only the first of a series of problems attributable to your staff.

The entire coalition urged you at that first meeting to attach tuition tax credits to a major revenue bill. We even recommended that it be the big tax bill of last summer. We were led to believe by Bob Thompson, then Deputy Director of Legislative Affairs, and by Ken Duberstein that the Administration would support attaching tuition tax credits to that revenue bill.

However, when asked by Senator Packwood during mark-up of the revenue bill if the Administration sought such inclusion, Secretary Buck Chapoton replied, "No".

When the coalition confronted Mr. Thompson with this contradiction, he denied that Mr. Chapoton had responded in the negative and Mr. Thompson continued to maintain that the Administration policy was not opposed to attaching tax credits to the revenue bill. In fact, for two weeks Mr. Thompson told members of the coalition that the official position was that the



Administration would support including tuition tax credits in the revenue bill but that the Administration would defer to the wishes of the Finance Committee.

The coalition met with Mr. Thompson and Mr. Morton Blackwell of the Public Liaison Office and were assured that as the revenue bill moved through the House, the Administration would work harder to attach tuition tax credits. Because the coalition believed that Mr. Chapoton had not told the Finance Committee the Administration's true position, we asked that Secretary Regan testify during the tuition tax credit hearing July 16 and 17, 1982. We alerted Mr. Thompson that the question of attaching tax credits would again be asked by Senator Packwood.

The true Administration position was made clear during the July 16/17 hearing when Secretary Regan was asked by Senator Packwood whether or not the Administration wanted to attach tax credits to the revenue bill. The Secretary said, "No, keep it as a separate bill."

Our coalition devoted enormous time and energy lobbying Senators and trying to convince them that this was the Administration position only to be told by Senators and their staff that this was not the message they were getting from the White House.

It is clear that while our coalition was being told one thing, and spending time, energy and money on the basis of that information, the official White House position was entirely different.

I must admit that following the passage of the revenue bill and up to the close of Congressional business before the 1982 election, the White House did all it could to move the bill out of the Senate Finance Committee and to the floor of the Senate. But even this activity, had it been successful, would have been futile as it was only a one House strategy.

This coalition was assured that the White House was serious about passing tuition tax credit legislation. As evidence we were told of meetings, letters, speeches, and pronouncements, all of which we readily accepted, but none of which produced a two House strategy for passage of the bill.

Time and time again coalition members strongly recommended that tax credits be attached to a must pass bill; time and time again we were reminded that tuition tax credit legislation was one of the five top priorities of the Administration. But no effective commitment was organized.

Even though supporters and opponents alike agree that attaching tax credits to a major revenue measure or other must pass bill is the best, and perhaps the only, way to get action on the floor of both Houses, there is still no definitive strategy for doing so.

The coalition recommended that tuition tax credits be attached to the revenue bill but we were refused. We recommended that tax credits be attached to the gas tax bill, but we were refused. We recommended attaching tax credits to the social se-

curity bill, and were again refused. We recommended attaching tax credits to the debt ceiling extension but were told emphatically, "No". And finally we recommended that tax credits be attached to the repeal of interest withholding and were finally given the go ahead.

Morton Blackwell called coalition members to tell us of the White House decision. We were asked to pull out all the stops to get Senators and Congressmen to vote for this action. We were asked to get sponsors in both Houses to offer the Amendments. We met with Mrs. Whittlesey to apprise her of all the activity we had generated on behalf of attaching tuition tax credits to the withholding bill.

Naively, perhaps, we moved forward. But we ran into the same situation we had encountered last summer. The message that Congress was getting was contradictory to the message we were getting. Soon after we had mailed thousands of alerts and had made hundreds of phone calls to our people, we were discouraged by Administration officials from pursuing this course of action. But when "priority" amendments such as Caribbean Basin Initiative and Enterprise Zones were attached to the withholding bill, a tuition tax credit amendment was conspicuous by its absence.

The problem as we see it, Mr. President, is that the only major tax bill available to us for the rest of this year is the debt ceiling bill which we hear Mr. Baker has categorically ruled out as a vehicle for tuition tax credits.

When the coalition met with Bob Cable, Morton Blackwell and Bill Barr on July 22, to discuss the Supreme Court decision on the Minnesota case, we asked what legislation was still available as a vehicle for tuition tax credits. Mr. Cable said there would be some minor energy tax bills and also the railroad retirement bill that would still see action. The energy bills are still undefined and the railroad retirement bill saw final passage on August 2, with no attempt by the Administration to attach this legislation.

On the basis of past action, there does not appear to be, nor has there ever been, a strategy to assure votes on tuition tax credits in both Houses. It would appear that tuition tax credit supporters must be satisfied with rhetoric alone.

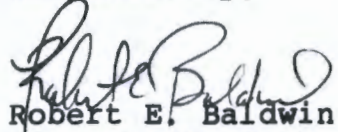
Mr. President, we have never questioned your personal commitment to this cause, and have constantly defended your efforts against those who said it was mere posturing. We were willing to follow your leadership on this legislation. However, we have reluctantly arrived at the conclusion that there has been no similar commitment for passage of tuition tax credits on the part of your staff.

Unless, therefore, we can be convinced that there is a two House strategy that has some chance of victory, we can no longer devote precious time, money and energy on a hopeless effort. Indeed we will be forced to develop our own strategy independent of the White House and to inform our members of our decision and explain why we have reached this conclusion.

As we are still most anxious to see passage of tuition tax credits before the end of this session we respectfully request a meeting with you, and Mr. Baker, Mr. Meese, Mr. Stockman and Mr. Duberstein to discuss our mutual problems and the future of this legislation.

If the many independent groups which comprise our coalition must fight the battle for tuition tax credits without active White House support, we need to plan our own strategy before the end of September and therefore need to meet with you before September 15, 1983. I will call your office to learn your wishes in this matter.

Respectfully,



Robert E. Baldwin  
(On behalf of the Coalition)

cc. James Baker  
Faith Whittlesey  
Ken Duberstein  
Bill Barr  
Gary Jones  
Bob Sweet

Edwin Meese  
David Stockman  
Morton Blackwell  
Terrell Bell  
Charles O'Malley

file TTC

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

(202) 659-0016  
Robert L. Smith  
Executive Director

FOR IMMEDIATE RELEASE

September 20, 1983

CAPE ENDORSES BROADENING OF TAX CREDIT BILL

WASHINGTON, D.C. -- The Council for American Private Education (CAPE) announced today that a majority of its member organizations "strongly endorse" a proposed broadening of pending tuition tax credit legislation to include public school parents.

"By enlarging the beneficiaries of the tax credit to include public school parents," CAPE Executive Director Robert Smith said, "this legislation will conform closely to the Minnesota tax deduction program approved in Mueller v. Allen."

That Minnesota program, approved by the Supreme Court on June 29, permits parents of public school children to deduct from their state income tax certain educational costs such as books, supplies and lab fees.

"By including the parents of public school children in the tuition tax credit legislation," Smith said on behalf of the Council, "we will be providing greater equity for all parents of school-age children by making it possible for them to share the benefits of a federal program of support for educational expenses."

CAPE's member organizations represent 80 percent of elementary

(more)

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, Minnesota, Missouri, Montana, Nebraska, New Mexico, Oregon, Puerto Rico, Rhode Island, Tennessee, Texas, Virginia, Washington, and Wisconsin.

and secondary schools enrolling 90 percent of the nation's private school students. Its 15 members include 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 and the U.S. Catholic Conference.

"Tuition tax credits serve directly the fundamental American principals of increasing opportunity and equality in education," Smith said. "The proposed enlargement of tax credit legislation to include educational costs borne by all school parents is an enhancement which can only strengthen the legislation and its important public purpose."

The Senate tuition tax credit bill, S.528, was reported out of the Senate Finance Committee on May 27. The House has yet to consider this legislation.

###

For more information contact:

Robert L. Smith, Executive Director  
Kellen Flannery, Editor  
(202) 659-0016

THE WHITE HOUSE  
Office of the Press Secretary

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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

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.

### MAJOR CONCEPTS

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

On the one hand, parents who choose to have their children educated at a nonpublic 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 burden is too great to permit them to exercise the right to send their children to the nonpublic school of their choice. Therefore, tax relief is necessary as a matter of equity if these families are to continue to exercise educational choice. According to the Department of Education and the Bureau of the Census, in 1979 a majority (54 percent) of all parents who had children enrolled in private elementary and secondary schools had incomes of less than \$25,000.

#### Limited Coverage

The credit would be restricted to parents of children in private, nonprofit, elementary or secondary schools. These parents bear the heaviest double burden of meeting educational responsibilities to their children in ways they deem most appropriate.

#### A Phase-In of the Credit

The nonrefundable credits would be phased in over a three year period. Parents could claim:

A maximum of 50 percent of tuition paid for each child up to a maximum credit per child of:

\$100 in 1983  
\$300 in 1984  
\$500 in 1985

### 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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OFFICE OF GOVERNMENT  
AND PUBLIC AFFAIRS



September 28, 1983

Mr. Morton Blackwell  
Special Assistant to the President  
The White House  
Washington, D.C. 20050

Dear Morton:

Enclosed is a copy of a news story that we helped generate following the President's meeting on tuition tax credits on September 16.

We have really begun to capitalize on that meeting by alerting all our troops throughout the country to be prepared for all out offensive in October.

I want to take this opportunity to thank you for arranging the Oval Office photo session, which gave me yet another opportunity to get to know the man that I have come to truly respect, President Ronald Reagan.

Kind regards.

Sincerely,

Rabbi Menachem Lubinsky  
Director of Government and  
Public Affairs

ML:d1

Enc.

# Renews Support For Tuition Bill

By a staff reporter of THE JEWISH PRESS

WASHINGTON — President Reagan says he is "prepared to go into battle this fall" to win passage of his tuition tax credits bill in Congress.

The President, at a Sept. 16 Oval Office news conference at which he was flanked by Rabbi Menachem Lubinsky, director of Government and Public Affairs of Agudath Israel of America; Sister Rene Oliver of the Citizens for Educational Freedom; and Richard Dingman of Moral Majority, says that he has met with Senate Majority Leader Howard Baker and Senate Finance Committee Chairman Robert Dole and urged them to add tuition tax credits as an amendment to a major tax revenue bill.

While in the Oval Office, the President and Rabbi Lubinsky discussed such items as the U.S. role in Lebanon, the War Powers Act, some major domestic concerns and even the importance of Yom Kippur to Jews. In parting with the President, the Agudath Israel representative said that the prayers of all Jews on this Yom Kippur would be with him as he deals with the growing crisis in Lebanon.

Following the Oval Office meeting, the President met with representatives of the Coalition for Tuition Tax Credits in the Cabinet Room. The President said that the tax credit measure would be "on the very top of my domestic legislative list." He added that he would settle "for nothing less than a two house strategy" and that he was concerned about the foot dragging in Congress. He

(Continued on page 49)

# Reagan Renews Support For Bill

(Continued from page 3)

blamed some of this delay on the National Education Association and the American Federation of Teachers whom he called a "powerful lobby."

Urging the coalition to join him in an all out campaign this fall in Congress, he added: "Remember, it is not necessary for them to see the light, but only to feel the heat."

In analyzing the President's remarks, Professor Larry Katz, Chairman of Agudath Israel's "Campaign to Relieve Independent Education," the nationwide network in support of tuition tax credits who joined Rabbi Lubinsky at the White House conference, said that "agreeing to add the tax credit bill to a major tax revenue measure was one of the most positive steps the Administration has taken yet in promoting tuition tax credits." He added that the President seemed somewhat disturbed by rumors that he had slackened in his support for tuition tax credits and that the chief executive had promised to fully "go into battle" on this issue.

The President's tuition tax credit bill (S. 528) passed the Senate Finance Committee in the spring. It provides for a tax credit of \$100 in 1983, \$200 in 1984, and \$300 in 1985 for parents of children in private schools. The President said that he was working with the leadership in the Senate on "moving the measure in the fall." Coalition members acknowledged that tax credits had a better chance than in the past because of the favorable U.S. Supreme Court decision in the Minnesota tax deduction case.

FRANK J. MONAHAN

UNITED STATES CATHOLIC CONFERENCE  
OFFICE OF GOVERNMENT LIAISON  
1312 MASSACHUSETTS AVENUE, N.W.  
WASHINGTON, D.C. 20005

659-6606



# NEWS

*File: Tuition Tax Credits*

DATE: September 15, 1983

FROM: William Ryan

O - 202/659-6700

H - 202/686-1824

FOR IMMEDIATE RELEASE

## BISHOPS URGE CHANGE IN TAX CREDIT LEGISLATION

WASHINGTON--The Administrative Board of the United States Catholic Conference (USCC) has urged Congress to revise pending tax credit legislation to include benefits for public as well as nonpublic school parents.

Such a broadening of the legislation would make it conform more closely to the Minnesota tax deduction program which the U.S. Supreme Court upheld in the Mueller v. Allen decision last June 29.

"It can of course be argued that nothing in the Supreme Court's recent decision clearly requires that this be done for constitutional reasons," the Board said. "Although that may be the case, we nevertheless conclude that the legislation should in fact be revised to conform more closely to the statute sustained in Mueller. For similar reasons, the Board continued, "We also strongly recommend that the legislation be broadened to include benefits for certain public and nonpublic education expenses covered in the Minnesota statute."

/more

NATIONAL CATHOLIC OFFICE FOR INFORMATION

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

## 2/Change in Tax Credit

The Administrative Board, composed of 47 bishops from throughout the country, is responsible for USCC policy between general meetings of the U.S. bishops. USCC is the national level action agency of the Catholic Church.

The board expressed its views on revising tax credit legislation in a statement issued September 15 at the conclusion of a three-day meeting here.

"The nonpublic education community has waited patiently for many years for Congress to act on tuition tax credits," the Board declared. "An overwhelmingly favorable case has been made for the legislation on educational and other grounds. The Mueller decision has alleviated constitutional concerns. In view of this, we urge Congress to act promptly to broaden the legislation along the lines we have described and then enact it without further delay."

Following is the full text of the Administrative Board statement:

The Supreme Court's decision June 29 upholding a Minnesota statute which provides tuition tax deductions for public and nonpublic school parents is an important step in the development of constitutional law in this area. Moreover, on the practical level the decision in Mueller v. Allen has significant positive implications for federal tuition tax credit legislation.

Since June 29 a number of questions have been raised relative to tuition tax credits and the Mueller decision. Among these is whether the tax credit legislation pending in Congress should be revised to include benefits for public as well as nonpublic school parents, as the Minnesota statute at issue in Mueller does.

/more

### 3/Change in Tax Credit

It can of course be argued that nothing in the Supreme Court's recent decision clearly requires that this be done for constitutional reasons. Although that may be the case, we nevertheless conclude that the legislation should in fact be revised to conform more closely to the statute sustained in Mueller. For similar reasons, we also strongly recommend that the legislation be broadened to include benefits for certain public and nonpublic education expenses covered in the Minnesota statute.

The nonpublic education community has waited patiently for many years for Congress to act on tuition tax credits. An overwhelmingly favorable case has been made for the legislation on educational and other grounds. The Mueller decision has alleviated constitutional concerns. In view of this, we urge Congress to act promptly to broaden the legislation along the lines we have described and then enact it without further delay.

# # #

X,A,ED,EDP,SCD

# Parents Rights, Inc.

*file*  
*Tuition*  
*Tax*  
*Credits*

M. DUGGAN  
12571 NORTHWINDS DR.  
CREVE COEUR MO 63141

ST. LOUIS, MISSOURI 63146

PHONE: AREA CODE 314 434 - 4171

December 12, 1983

Morton Blackwell  
Public Liason  
The White House  
Washington, D.C. 20505

Dear Morton:

Greetings! I have received the picture of the Sept. 16, 1983 meeting. It is super. Thank you. Martin and I wish you a most peaceful, holy and happy Christams and New Year.

Naturally, we are very disappointed about the vote in the U .S. Senate on Tuition Tax Credits. However, if the Administration is willing to continue its efforts, we would like to help in any way you suggest.

Is the White House pressing the Senators for a switch in votes to bring the bill out of table? Which Senators are likely to change their vote on Tuition Tax Credits?

If you plan a Coalition meeting soon, please let me know. I would like to have a representative from Parents Rights in attendance.

We all thank you for your dedicated leadership and we thank the President for his help. We are planning a strong campaign in behalf of President Reagan.

God bless you,

Cordially,



Mae Duggan

**OFFICERS:** President: Mrs. Mae Duggan, Regional Vice President: John J. Coyle, Lansdowne, Pa., Treasurer: John R. McCormack  
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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 29, 1983

FOR: JOHN A. SVAHN  
FROM: MICHAEL M. UHLMANN  
SUBJECT: TUITION TAX CREDITS

Attached are revised talking points appropriate for use by the President, for the Thursday meeting with coalition leaders.

TALKING POINTS -- TUITION TAX CREDITS

o Although we did not achieve victory, I am pleased that we got an up-or-down vote on tuition tax credits in the Senate.

-- I was especially pleased because the various groups represented here today showed unity of purpose and a determination to work together.

-- I view the Senate vote as the first step in a long term effort to get tuition tax credits through the Congress, and I am firmly committed to this goal.

o Our long term effort for tuition tax credits depends on sustained efforts at each level of government.

-- Candidates for office must be made aware that tuition tax credits are not just another issue that came and went.

-- At the Federal level, we will continue to keep our tuition tax credits bill before the Senate and push for its passage at the earliest possible time.

-- At the State level, supporters of tuition tax credits should take the Supreme Court's decision in the Minnesota case this year as a green light for action. The Court has opened the door for a range of State tuition tax plans that may have been stalled by fear that they would not survive Supreme court review.

-- At the local level, tuition tax credits are simply one more aspect of our overall push for parental control of education.

o We will continue our efforts to affirm that education is the primary right and responsibility of the parents and that government is here to serve the choices they make for the education of their children.

-- I look forward to working with you to make this principle a reality for all students and parents.

o These are my thoughts. Now I want to get the benefit of your suggestions and comments

Replace with A

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 29, 1983

FOR: JOHN A. SVAHN  
FROM: MICHAEL M. UHLMANN  
SUBJECT: TUITION TAX CREDITS

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FYI --

Steve  
Galebach

TALKING POINTS -- TUITION TAX CREDITS

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