September 9, 1999

MEMORANDUM FOR GENE SPERLING

FROM **BILL DAUSTER**

RE **SENATOR SCHUMER'S EDUCATION TAX PROPOSALS**

Senator Schumer has introduced a number of education-related tax bills:

S.473: A bill to amend the Internal Revenue Code of 1986 to make higher education more affordable by providing a full tax deduction for higher education expenses and interest on student loans. This bill, the "Make College Affordable Act of 1999," would amend the Internal Revenue Code to allow the deduction of qualified higher education expenses and interest on qualified higher education loans, and would limit that deduction based on modified adjusted gross income.

S.474: A bill to amend the Internal Revenue Code of 1986 to provide a deduction for contributions to education individual retirement accounts, and for other purposes. This bill, the "Save for College Act of 1999," would amend the Internal Revenue Code with respect to educational individual retirement accounts to: (1) allow a deduction for contributions; (2) increase contribution amounts and income factors; and (3) provide for inflation adjustments.

S.1423: A bill to amend the Internal Revenue Code of 1986 to exclude from income $40,000 of the salary of certain teachers who teach high-poverty schools. Treasury has expressed concerns with this legislation (see attached note). Paulie?

The text of the bills and Treasury's note on S. 1423 follows. I will see if we can get Treasury's read on S. 473 and S. 474.

Although not a tax item, S.475 is related: A bill to amend the Higher Education Act of 1965 to increase the amount of loan forgiveness for teachers. This bill would amend the Higher Education Act of 1965 (HEA) to increase the amount of student loan forgiveness for teachers, under Federal Family Education Loan and Direct Loan programs. It would also prohibit any borrower from receiving double benefits, for the same teaching or other service, from student loan forgiveness under both HEA and the National and Community Service Act of 1990. I attach the text of S. 475, as well.

Did we?

473 IS

106th CONGRESS

1st Session

S. 473

To amend the Internal Revenue Code of 1986 to make higher education more affordable by
providing a full tax deduction for higher education expenses and interest on student loans.

IN THE SENATE OF THE UNITED STATES

February 25, 1999

Mr. SCHUMER (for himself and Mr. MOYNIHAN) introduced the following bill; which was read
twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to make higher education more affordable by
providing a full tax deduction for higher education expenses and interest on student loans.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Make College Affordable Act of 1999'.

SEC. 2. DEDUCTION FOR HIGHER EDUCATION EXPENSES.

(a) DEDUCTION ALLOWED- Section 221 of the Internal Revenue Code of 1986 is amended to read as follows:

'SEC. 221. HIGHER EDUCATION EXPENSES.

'(a) ALLOWANCE OF DEDUCTION- In the case of an individual, there shall be allowed
as a deduction an amount equal to--

'(1) the qualified higher education expenses, and

'(2) interest on qualified higher education loans,

paid by the taxpayer during the taxable year.

'(b) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME-

'(1) IN GENERAL- The amount which would (but for this subsection) be taken into account under subsection (a) shall be reduced (but not below zero) by the amount determined under paragraph (2).

'(2) AMOUNT OF REDUCTION- The amount determined under this paragraph equals the amount which bears the same ratio to the amount which would be so taken into account as--

'(A) the excess of--

'(i) the taxpayer's modified adjusted gross income for such taxable year, over

'(ii) $100,000 ($140,000 in the case of a joint return), bears to

'(B) $20,000.

'(3) MODIFIED ADJUSTED GROSS INCOME- For purposes of this subsection, the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year determined--

'(A) without regard to this section and sections 911, 931, and 933, and

'(B) after the application of sections 86, 135, 219, 220, and 469.

For purposes of the sections referred to in subparagraph (B), adjusted gross income shall be determined without regard to the deduction allowed under this section.

'(4) INFLATION ADJUSTMENTS-

'(A) IN GENERAL- In the case of a taxable year beginning after 2000, the $100,000 and $140,000 amounts described in paragraph (2) shall each be increased by an amount equal to--

'(i) such dollar amount, multiplied by

'(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

'(B) ROUNDING- If any amount as adjusted under subparagraph (A) is not a multiple of $5,000, such amount shall be rounded to the next lowest multiple of $5,000.

'(c) QUALIFIED HIGHER EDUCATION EXPENSES- For purposes of this section--

'(1) QUALIFIED HIGHER EDUCATION EXPENSES-

'(A) IN GENERAL- The term 'qualified higher education expenses' means--

'(i) tuition and fees charged by an educational institution and required for the enrollment or attendance of--

'(I) the taxpayer,

'(II) the taxpayer's spouse,

'(III) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151, or

'(IV) any grandchild of the taxpayer,

as an eligible student at an institution of higher education, and

'(ii) reasonable living expenses for such an individual while away from home and attending such institution.

'(B) ELIGIBLE COURSES- Amounts paid for qualified higher education expenses of any individual shall be taken into account under subsection (a) only to the extent such expenses--

'(i) are attributable to courses of instruction for which credit is allowed toward a baccalaureate degree by an institution of higher education or toward a certificate of required course work at a vocational school, and

'(ii) are not attributable to any graduate program of such individual.

'(C) EXCEPTION FOR NONACADEMIC FEES- Such term does not include any student activity fees, athletic fees, insurance expenses, or other expenses unrelated to a student's academic course of instruction.

'(D) ELIGIBLE STUDENT- For purposes of subparagraph (A), the term 'eligible student' means a student who--

'(i) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

'(ii) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education.

'(E) IDENTIFICATION REQUIREMENT- No deduction shall be allowed under subsection (a) to a taxpayer with respect to an eligible student unless the taxpayer includes the name, age, and taxpayer identification number of such eligible student on the return of tax for the taxable year.

'(2) INSTITUTION OF HIGHER EDUCATION- The term 'institution of higher education' means an institution which--

'(A) is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

'(B) is eligible to participate in programs under title IV of such Act.

'(d) QUALIFIED HIGHER EDUCATION LOAN- For purposes of this section--

'(1) IN GENERAL- The term 'qualified higher education loan' means a loan which is--

'(A) made, insured, or guaranteed by the Federal Government,

'(B) made by a State or a political subdivision of a State,

'(C) made from the proceeds of a qualified student loan bond under section 144(b), or

'(D) made by an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))).

'(2) LIMITATION- The amount of interest on a qualified higher education loan which is taken into account under subsection (a)(2) shall not exceed the amount which

bears
the same ratio to such amount of interest as--

'(A) the proceeds from such loan used for qualified higher education expenses, bears to

'(B) the total proceeds from such loan.

For purposes of the preceding sentence, the term 'qualified higher education expenses'
shall be determined without regard to subsection (c)(1)(A)(i)(IV).

'(e) SPECIAL RULES-

'(1) NO DOUBLE BENEFIT-

'(A) IN GENERAL- No deduction shall be allowed under subsection (a) for any expense for which a deduction is allowable to the taxpayer under any other provision of this chapter unless the taxpayer irrevocably waives his right to the deduction of such expense under such other provision.

'(B) DENIAL OF DEDUCTION IF CREDIT ELECTED- No deduction shall be allowed under subsection (a) for a taxable year with respect to the qualified higher education expenses of an individual if the taxpayer elects to have section 25A apply with respect to such individual for such year.

'(C) DEPENDENTS- No deduction shall be allowed under subsection (a) to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

'(D) COORDINATION WITH EXCLUSIONS- A deduction shall be allowed under subsection (a) for qualified higher education expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135 or 530(d)(2) for the taxable year.

'(2) LIMITATION ON TAXABLE YEAR OF DEDUCTION-

'(A) IN GENERAL- A deduction shall be allowed under subsection (a) for qualified higher education expenses for any taxable year only to the extent such expenses are in connection with enrollment at an institution of higher education during the taxable year.

'(B) CERTAIN PREPAYMENTS ALLOWED- Subparagraph (A) shall not apply to qualified higher education expenses paid during a taxable year if such expenses are in connection with an academic term beginning during such taxable year or during the first 3 months of the next taxable year.

'(3) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS AND VETERANS BENEFITS- The amount of qualified higher education expenses otherwise taken into account under subsection (a) or (d)(2) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by the sum of the amounts received with respect to such individual for the taxable year as--

'(A) a qualified scholarship which under section 117 is not includable in gross income,

'(B) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or

'(C) a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for educational expenses, or attributable to enrollment at an eligible educational institution, which is exempt from income taxation by any law of the United States.

'(4) NO DEDUCTION FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS- If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

'(5) NONRESIDENT ALIENS- If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

'(6) REGULATIONS- The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring recordkeeping and information reporting.'

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME- Paragraph (17) of section 62(a) of such Code is amended to read as follows:

'(17) HIGHER EDUCATION EXPENSES- The deduction allowed by section 221.'

(c) CONFORMING AMENDMENTS-

(1) The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 221 and inserting the following new item:

'Sec. 221. Higher education expenses.'

(2) Section 6050S(e) of such Code is amended by striking 'section 221(e)(1)' and inserting 'section 221(d)(1)'.

(d) EFFECTIVE DATE- The amendments made by this section shall apply to payments made after December 31, 1998.

S 474 IS

106th CONGRESS

1st Session

S. 474

To amend the Internal Revenue Code of 1986 to provide a deduction for contributions to education
individual retirement accounts, and for other purposes.

IN THE SENATE OF THE UNITED STATES

February 25, 1999

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee
on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a deduction for contributions to education
individual retirement accounts, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Save for College Act of 1999'.

SEC. 2. DEDUCTION FOR CONTRIBUTIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) IN GENERAL- Part VII of subchapter B of chapter 1 of the Internal Revenue Code of
1986 (relating to additional itemized deductions for individuals) is amended by redesignating
section 222 as section 223 and by inserting after section 221 the following new section:

'SEC. 222. EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

'In the case of an individual, there shall be allowed as a deduction the amount paid in cash
during the taxable year by such individual to an education individual retirement account under
section 530.'

(b) DEDUCTION ALLOWED IN ARRIVING AT ADJUSTED GROSS INCOME-
Paragraph (7) of section 62(a) of such Code (relating to retirement savings) is amended--

(1) by inserting 'OR EDUCATION' after 'RETIREMENT' in the heading of such paragraph, and

(2) by inserting before the period at the end the following: 'and the deduction allowed
by section 222 (relating to education individual retirement accounts)'.

(c) MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS-

(1) INCREASE IN CONTRIBUTION LIMIT- Section 530(b)(1)(A)(iii) of such
Code (defining education individual retirement account) is amended by striking '$500'
and inserting '$2,000'.

(2) INCREASE IN AGI LIMITS- Section 530(c)(1) of such Code (relating to
reduction in permitted contributions based on adjusted gross income) is amended--

(A) by striking '$95,000 ($150,000' in subparagraph (A)(ii) and inserting
'$100,000 ($140,000', and

(B) by striking subparagraph (B) and inserting the following new subparagraph:

'(B) $20,000.'

(3) INFLATION ADJUSTMENTS- Section 530 of such Code is amended by adding
at the end the following new subsection:

'(i) INFLATION ADJUSTMENTS-

'(1) DOLLAR LIMITATION ON AMOUNT OF CONTRIBUTION-

'(A) IN GENERAL- In the case of a taxable year beginning after 1999, the $2,000 amount under subsection (b)(1)(A)(iii) shall be increased by an amount equal to--

'(i) such dollar amount, multiplied by

'(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1998' for 'calendar year 1992' in subparagraph (B) thereof.

'(B) ROUNDING- If any amount as adjusted under subparagraph (A) is not a multiple of $100, such amount shall be rounded to the next lowest multiple of $100.

'(2) INCOME LIMITS-

'(A) IN GENERAL- In the case of a taxable year beginning after 1999, the $100,000 and $140,000 amounts under subsection (c)(1)(A)(ii) shall each be increased by an amount equal to--

'(i) such dollar amount, multiplied by

'(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1998' for 'calendar year 1992' in subparagraph (B) thereof.

'(B) ROUNDING- If any amount as adjusted under subparagraph (A) is not a multiple of $5,000, such amount shall be rounded to the next lowest multiple of $5,000.'

(d) CLERICAL AMENDMENT- The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 222 and inserting the following new items:

'Sec. 222. Education individual retirement accounts.

'Sec. 223. Cross references.'

(e) EFFECTIVE DATE- The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 1998.

S 475 IS

106th CONGRESS

1st Session

S. 475

To amend the Higher Education Act of 1965 to increase the amount of loan forgiveness for teachers.

IN THE SENATE OF THE UNITED STATES

February 25, 1999

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee
on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 to increase the amount of loan forgiveness for teachers.

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

SECTION 1. INCREASE IN LOAN FORGIVENESS FOR TEACHERS.

(a) FEDERAL STAFFORD LOANS-

(1) AMENDMENT- Section 428J of the Higher Education Act of 1965 (20 U.S.C. 1078-10) is amended--

(A) in subsection (b)--

(i) by redesignating paragraph (2) as paragraph (4); and

(ii) in paragraph (1)--

(I) by amending the matter preceding subparagraph (A) to read as follows:

'(1) has been employed as a full-time elementary school or secondary school teacher;';

(II) by striking subparagraph (A);

(III) by redesignating subparagraphs (B) and (C) as paragraphs (2) and (3), respectively; and

(IV) in paragraph (2) (as redesignated by subclause (III)), by striking 'and' after the semicolon;

(B) in subsection (c), by amending paragraph (1) to read as follows:

'(1) IN GENERAL- The Secretary shall repay the amount of the loan obligations owed by a borrower on loans made under section 428 or 428H that are outstanding during each of the first 5 years of teaching described in subsection (b). The Secretary shall repay the total amount of all loan obligations owed by a borrower for each loan made under section 428 or 428H that is outstanding after the 5th year of teaching described in subsection (b). No borrower may receive a reduction of loan obligations under both this section and section 460.';

(C) by striking subsections (f) and (g), and inserting the following:

'(f) PREVENTION OF DOUBLE BENEFITS- No borrower may, for the same service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571).'; and

(D) by redesignating subsection (h) as subsection (g).

(2) EFFECTIVE DATE- The amendments made by paragraph (1) shall take effect as if included in the amendment made by section 424 of the Higher Education Amendments of 1998.

(b) DIRECT LOANS-

(1) AMENDMENT- Section 460 of the Higher Education Act of 1965 (20 U.S.C. 1087j) is amended--

(A) in subsection (b)(1)--

(i) by redesignating subparagraph (B) as subparagraph (D); and

(ii) in subparagraph (A)--

(I) by amending the matter preceding clause (i) to read as follows:

'(A) has been employed as a full-time elementary school or secondary school teacher;';

(II) by striking clause (i);

(III) by redesignating clauses (ii) and (iii) as subparagraphs (B) and (C), respectively; and

(IV) in subparagraph (B) (as redesignated by subclause (III)), by striking 'and' after the semicolon;

(B) in subsection (c), by amending paragraph (1) to read as follows:

'(1) IN GENERAL- The Secretary shall cancel the amount of the loan obligations owed by a borrower on a Federal Direct Stafford Loan or a Federal Direct Unsubsidized Stafford Loan that are outstanding during each of the first 5 years of teaching described in subsection (b). The Secretary shall cancel the total amount of all loan obligations owed by a borrower for each such loan that is outstanding after the 5th year of teaching described in subsection (b).';

(C) by striking subsections (f) and (g), and inserting the following:

'(f) PREVENTION OF DOUBLE BENEFITS- No borrower may, for the same service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571).'; and

(D) by redesignating subsection (h) as subsection (g).

(2) EFFECTIVE DATE- The amendments made by paragraph (1) shall take effect as if included in the amendment made by section 456 of the Higher Education Amendments of 1998.

S 1423 IS

106th CONGRESS

1st Session

S. 1423

To amend the Internal Revenue Code of 1986 to exclude from income $40,000 of the salary of
certain teachers who teach in high-poverty schools.

IN THE SENATE OF THE UNITED STATES

July 22, 1999

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee
on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude from income $40,000 of the salary of
certain teachers who teach in high-poverty schools.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Teacher Tax Relief Act of 1999'.

SEC. 2. EXCLUSION FROM GROSS INCOME OF WAGES OF CERTAIN TEACHERS IN HIGH-POVERTY SCHOOLS.

(a) IN GENERAL- Part III of subchapter B of chapter 1 of the Internal Revenue Code of
1986 (relating to items specifically excluded from gross income) is amended by redesignating
section 138 as section 139 and by inserting after section 137 the following new section:

'SEC. 138. WAGES OF TEACHERS IN HIGH-POVERTY SCHOOLS.

'(a) IN GENERAL- Gross income does not include amounts received as wages by a qualified teacher employed at a high-poverty school.

'(b) LIMITATIONS-

'(1) AMOUNT OF EXCLUSION- The amount excluded under subsection (a) for any taxable year shall not exceed $40,000.

'(2) ADJUSTED GROSS INCOME- The exclusion under subsection (a) shall not apply to any taxpayer whose adjusted gross income for the taxable year exceeds $120,000.

'(c) QUALIFIED TEACHER DEFINED- For purposes of this section--

'(1) IN GENERAL- The term 'qualified teacher' means an academic teacher, a special education teacher, or a bilingual teacher. The term does not include an individual teaching under an emergency or other provisional status in which any State teaching qualification or licensing criteria have been waived.

'(2) ACADEMIC TEACHER- The term 'academic teacher' means an individual who meets all of the following criteria:

'(A) The teacher has performed at a high level on academic subject matter tests, or has a bachelor's degree or higher with an academic major in each of the subjects taught by the teacher.

'(B) The principal of the school where the teacher is assigned asserts that the teacher is qualified to provide instruction in each academic course and in each grade level taught at the school.

'(C) In the case of a teacher of students in elementary school, the teacher must have demonstrated the teaching skill and general subject matter knowledge required to teach effectively in reading, writing, mathematics, social studies, science, and other elements of a liberal arts education.

'(D) In the case of a teacher of students in middle school or secondary school, the teacher must have demonstrated a high level of teaching skill and subject matter knowledge in all of the subject areas that they teach.

'(d) OTHER DEFINITIONS- For purposes of this section--

'(1) ACADEMIC SUBJECTS- The term 'academic subjects' includes English, language arts, social studies, history, mathematics, science, and related subjects.

'(2) HIGH-POVERTY SCHOOL- The term 'high-poverty school' means a school in which at least 50 percent of the students attending such school are eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

'(3) SCHOOL- The term 'school' means any public school which provides elementary education or secondary education (through grade 12), as determined under State law.

'(4) WAGES- The term 'wages' has the meaning provided by section 3401(a).'.

(b) CLERICAL AMENDMENT- The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 139 and inserting the following:

'Sec. 138. Wages of teachers in high-poverty schools.

'Sec. 139. Cross references to other Acts.'.

(c) EFFECTIVE DATE- The amendments made by this section shall apply to amounts received in taxable years beginning after December 31, 1999.

Leonard.Burman@do.treas.gov
09/02/99 12:21:25 PM

Record Type: Record

To: William G. Dauster/OPD/EOP

cc: William.Fant@do.treas.gov, Jon.Talisman@do.treas.gov
Subject: Another ed proposal -Reply -Forwarded

Date: 09/02/1999 12:14 pm (Thursday)
From: Leonard Burman
To: Bill Dauster
CC: talismanj,fantw
Subject: Another ed proposal -Reply -Forwarded

The Shumer proposal is definitely not ready for prime time.
See attached.

Date: 09/02/1999 12:09 pm (Thursday)
From: Steve Arkin
Subject: Another ed proposal -Reply
To: Dom13.DOPO7(BROWNSU, CRONINJ, DAVIEB, GERARDIG, NELSONSU, NUNNSJ, SMITHPA), BurmanL
Cc: Dom13.DOPO7(COEN),
MIME-version: 1.0
Content-type: MULTIPART/MIXED;
BOUNDARY="Boundary_(ID_QnV21PK/ssytYgTkJ5/wvA)"

A couple of points worth noting about Sen. Schumer's bill (S. 1423):

(1) The proposed exclusion from gross income for the first $40,000 of wages received by qualifying public school teachers would apply for BOTH income tax AND employment tax purposes.

(2) The exclusion would not apply if the teacher has $1 of income over $120,000. This would create a drastic "cliff effect," and could create another significant marriage tax penalty for married teachers.

(3) The proposal would apply to teachers who already work in qualifying schools, not merely new hires. Thus, the proposal would be an inefficient means of recruiting NEW teachers to quailfying public schools (although it might help such schools retain existing employees).

(4) The proposal apparently would give a tax benefit only to teachers of so-called "academic subjects" -- defined as English, language arts, social studies, history, mathematics, science, and related subjects -- and NOT to music, arts, and drama teachers (nor to everyone's favorite, the gym teacher).

(5) The principal of each qualifying "high-poverty school" would have the power to decide which of his/her teachers are eligible for the proposed tax benefits. We could expect to hear stories of teachers getting on the principal's bad side for one reason or another, and being denied their substantial Federal tax benefits. The teachers may fear being sent to the principal's office more than the students!