FOIA Number: 2017-1073-F

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Folder Title:
HOPE [Hope and Opportunity for Postsecondary Education] Act: Enrollment Effect

Stack:	Row:	Section:	Shelf:	Position:
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Robert M. Shireman
05/19/97 03:56:07 PM

Record Type: Record

To: KARL.SCHOLZ @ MS01.DO.treas.sprint.com @ inet

cc:
Subject: Treasury Analysis

On the response for Sen. Graham, Maureen had the same instinct I did: we need to at least start the analysis (and the letter, which Maureen did not see) with the broader impacts as well as our broader proposals. Then, it can zero in on the tax-specific enrollment issue, with some softening of the "lower end" language if Treasury agrees it is justifiable. I would suggest a next draft from Treasury, then a Treasury-Ed discussion, then a new draft that I can take to Gene.

See Maureen's comments below.

---------------------- Forwarded by Robert M. Shireman/OPD/EOP on 05/19/97 03:54 PM ---------------------------

Maureen_McLaughlin @ ed.gov
05/19/97 02:47:00 PM

Record Type: Record

To: Robert M. Shireman

cc:
Subject: Treasury Analysis

another try..

______________________________ Forward Header ______________________________

Subject: Treasury Analysis
Author: Maureen McLaughlin at WDCA01
Date: 5/19/97 1:06 PM

I looked over the Treasury note on enrollment effects of the credit and deduction. While Treasury has included the relevant literature on enrollment effects, the overall paper is presented too narrowly given our education objectives in putting forth the tax proposals and thereby plays into the hands of the critics who focus on enrollment numbers as the main--or sole--measure of effectiveness.

The paper should more broadly address the expected effects of the tax proposals--enrollment, continued enrollment (retention and completion), choice of institution, less borrowing, and tax relief for familes struggling to pay for college. Moreover the paper ought to include some discussion of the effects of the President's entire package including the increased maximum in the Pell grant program and the increase in eligibility for independent students. These are focused on lower income students who will have higher expected responses to increased aid.

You raised questions about para 3 and the asumptions used there. It seems to me that Treasury's assumptions in this section are too low but, from the description, I am not exactly sure what they did.

The estimates focus on responses by 18-24 year old individuals. Many of the recipients of the tax provisions, especially the deduction, will be over 24. While there are no studies on their responses to lower prices of college, I fully expect that enrollment of older students will increase with this emphasis on lifelong learning.

Given these concerns, the emphasis on the lower end of the estimated responses to the tax proposals seems too low to me.

Gene

DEPARTMENT OF THE TREASURY
OFFICE OF TAX ANALYSIS

1500 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20220

Number of pages to follow: 7

Date: May 15, 1997

To: Bob Shireman

Addressee's Fax Number: 202-456-2223

Addressee's Confirmation Number:

From: Karl Scholz
Deputy Assistant Secretary (Tax Analysis)

Sender's Fax Number: 202-622-0646

Sender's Confirmation Number: 202-622-0120

Comments/Special Instructions:

Attachment

UNCLASSIFIED

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

May 12, 1997

MEMORANDUM FOR DEPUTY SECRETARY SUMMERS

FROM: **DON LUBICK** DCL
ASSISTANT SECRETARY (TAX POLICY)

RE: **ENROLLMENT RESPONSE TO TUITION CREDITS AND DEDUCTIONS IN THE PRESIDENT'S FY1998 BUDGET**

During the Senate Finance Committee hearings on education, you promised Senator Bob Graham information on the enrollment response to our higher education package. In response, the OTA staff have prepared the attached letter from you to Graham summarizing the expected enrollment response and referring to an enclosure (also attached) which provides more detailed information. We would be happy to provide any additional information requested.

Attachments