ROUGH DRAFT -- July 8, 1997

An Amendment to Allow a Tax Credit for Costs and Fees Paid for Supplementary Educational Services for Children
[possible substitute for Cardin]

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- Credit would be for costs and fees paid
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- Services must be provided through a local school district, consistent with Title I
- Consistent with Title I and the Supreme Court's ruling in Agostini vs. Felton , services may be provided at a public school or at another site (including private schools)
- Consistent with Title I, services may be provided directly by the local school district, or under contract to the local school district

Note: Some districts currently provide after-school or summer services for free; others have elected to charge for them. In localities where the services are provided for free, there is no need for the tax credit because after-school services are already available. In localities where services are only available for a fee, the legislation would aid families willing that want extra services for their children. In communities where after-school tutoring is primarily provided in venues such as Boys and Girls Clubs, the school district could agree to contract with such facilities to provide the services. Finally, where no services are currently offered, the tax credit may encourage districts to begin offering such services.

Because the services would be provided under the auspices of the local school district, there would be no need for any sort of "certification" process as envisioned in the Cardin legislation.

DEPARTMENT OF EDUCATION · UNITED STATES OF AMERICA

FAX TRANSMISSION

U.S. DEPARTMENT OF EDUCATION
Office of Legislation and Congressional Affairs
600 INDEPENDENCE AVENUE, SW, ROOM 6337
WASHINGTON, DC 20202-3100
(202) 401-1028
FAX: (202) 401-1438

Date: 7/10/97 **Fax #:** 456-7028

Sent to: Bill Kincaid

Office:

From: Sandra Cook

Number of Pages (including cover sheet): 2

If there are any problems with this transmission, please contact me at: (202) 401-1028

COMMENTS:

Possible Alternative to the Cardin Amendment--Specs

The tax credit would be for the cost of supplementary education services provided to the taxpayer's dependent, age 6-18, who is a full-time student in an elementary or secondary school (as defined in section 14101 of the ESEA). The tax credit for each year would be limited to the lesser of one-half the taxpayer's cost for such services or $150. Costs would include tuition, fees, instructional materials, and necessary transportation.

Supplementary education services would--

(1) be designed to supplement the student's regular academic curriculum, including reading;

(2) be provided outside the regular school day, such as before and after school, during the summer, or on weekends;

(3) be provided by a local educational agency (as defined in section 14101 of the ESEA), either directly or through a contract that maintains public supervision and control over the services; and

(4) exclude regular tuition costs, sectarian instruction, and preparation for college entrance exams.

DEPARTMENT OF EDUCATION UNITED STATES OF AMERICA

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Office of Legislation and Congressional Affairs
600 INDEPENDENCE AVENUE, SW, ROOM 6337
WASHINGTON, DC 20202-3100
(202) 401-1028
FAX: (202) 401-1438

Date: 7/10/97 **Fax #:** 456-7028

Sent to: Bill Kincaid

Office: ______

From: Sandra Cook

Number of Pages (including cover sheet): 3

If there are any problems with this transmission, please contact me at: (202) 401-1028

COMMENTS: ______

Sandra_Cook @ ed.gov
07/10/97 07:40:00 AM

Record Type: Record

To: William R. Kincaid

cc:

Subject: Cardin

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FAX TRANSMISSION

U.S. DEPARTMENT OF EDUCATION

600 INDEPENDENCE AVENUE SW, RM. 6133
WASHINGTON, DC 20202
202-401-3414
FAX: 202-401-0596

To: Bill Kincaid & Mike Cohen

Date: 7/10/97

Fax #:

Pages: 2, including this cover sheet.

From: Terry K. Peterson/Lidice Rivas

Subject:

For your information, attached are initial thoughts on DC public schools legislation, vouchers, etc.

-Terry

D R A F T

Section 3 (a) - General Requirements

Yet again one more school board for D.C. schools. They have an elected board; an appointed board by the Control Board; a Charter School board appointed by the mayor. Clearly calling more boards and bureaucracies is not the way to improve education.

Section 3 (b) - Organization and Management; Board of Directors

Congress will now get in the business of picking local education boards---a bad precedent.

Section 3 (c) - Officers and Staff

New Bureaucracy.

Section 4 - Use of Scholarship

(d-1) Tuition scholarships--

First and foremost: (1) This is a clear voucher proposal and we oppose it because it undermines public schools--a basic community and American institution that serves all the children. Fix the D.C. schools - That's where the space is and kids live.

(d-2) Enhanced achievement scholarship--

(1) Another voucher variation.

(2) What is an "eligible institution" --a Congressionally appointed education board is going to pick winners and losers among religious groups?

(e) Not School Aid--

The money still goes to private institutions, not for direct services for the kids. It's the public tax dollars going for vouchers.

Section 5 - Scholarship Payments and Amounts

(b-2) Notification--

It's public monies to educate all the kids, so the schools can't just pick who they want.

(c) Tuition Scholarship--

The average student in public schools in America gets about $400 of federal education monies, and disadvantaged children in eligible low-income schools across America receive roughly $1,000. in federal education aid. But under this social experiment students going to private and parochial schools will get up to 300% to 800% more or $3200.

(d-1 & 2) Enhancement Achievement Scholarship....--

Title I already provides extra help for low achieving students in poor neighborhoods in public, private and parochial schools. It has just met a Constitutional test in "Felton". Simply, put more dollars in Title I for D.C. and that method can serve fairly students in public, private and parochial school that need extra help.

Section 6 - Certification Of Eligible Institutions

(c-1) New Eligible Institution--

Is less than 100 students really even a school? A Congressionally appointed board is now going to accredit and certify schools. This flies in the face of local control of schools across America.

Section 9 - Children With Disabilities

Doesn't this apply to private schools getting grants? Clearly, this legislation is leaving the public schools with the most difficult children to educate.

Section 10 - Scholarship Payments

(a-1) In General--

"participate eligible institutions..."

Their dollars flow to the private and parochial school directly not to the parents - clearly section. 4(e) is a misstatement or misleading statement.

UNITED STATES DEPARTMENT OF EDUCATION

THE DEPUTY SECRETARY

600 Independence Avenue, SW
FOB-10, Rm 6261
Washington, DC 20202-0500

Telephone Number: (202) 401-1000 Fax Number: (202) 401-3095

FAX COVER SHEET

TO: Bill Kincaid

FAX: 456-7028

FROM: Vicky Stroud

NUMBER OF PAGES TO FOLLOW, INCLUDING COVER SHEET: 3

IF YOU DID NOT RECEIVE THE COMPLETE TRANSMISSION, PLEASE CALL (202) 401-1000.

MESSAGE:

As requested!

Author: Mike Smith at WDCT01
Date: 7/10/97 9:44 AM
Priority: Normal
TO: Vicky Stroud
Subject: Re: Revised Cardin
---------------------------------- Message Contents ----------------------------------

See additions -- the Secretary wants everyone to know that his first choice by far is to kill the amendment -- this modification (change) would only be used in extremis!! Mike

Message Creation Date was at 8-JUL-1997 17:33:00

When you review what I have done on Cardin, please look at this slightly revised version, which I have modified based on feedback from Jessica. Thanks.

SECOND DRAFT -- July 8, 1997

An Amendment to Allow a Tax Credit for Costs and Fees Paid for Supplementary Educational Services for Children
[possible substitute for Cardin]

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Credit would be for costs and fees paid

Services provided must be supplementary to the basic educational program, and can include extra help/tutoring in core academic subjects, including reading and math, [that the student is studying in school--Cardin language] [as well as enrichment in art, music etc.]; the credit is not available for regular tuition costs (or for costs that are currently covered by the school district)

[Allowable services may not include college entrance test preparation --Cardin language]

Services must be provided outside the regular school day, which can include before- or after-school, during summers, or on weekends

Consistent with Title I and the Supreme Court ,s ruling in Agostini vs. Felton , services may be provided at a(n appropriate setting such as a) public school or at another site (including private religious schools), but may not include sectarian instruction.

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William R. Kincaid
07/09/97 11:02:51 AM

Record Type: Record

To: See the distribution list at the bottom of this message
cc:
bcc: Records Management
Subject: Re: Revised Cardin

I spoke with Mike Smith last night, and he thought this was basically on track. One clarification may be necessary, though: the tax credit would not be limited to Title I-eligible students, nor would the services actually be provided through Title I; instead, the point is that what is allowable under Title I and Agostini v. Felton with respect to the location of the services, who provides the services, and the nature of the services would also be allowed under the the tax credit program. For example, a parochial school could not actually provide the services paid for via the tax credit, although the services could be located at a parochial school, provided, say, by a public school employee.

To keep the ball rolling, I have asked legislative counsel at ED to begin working on specs, particularly for the education-related provisions, under the expectation that at some point Treasury would need to be brought into the mix. As I get additional comments from folks here I can feed them in.

According to the Department, this week the education groups are beginning to really press Cardin on this, so he may be receptive to this kind of compromise.

William R. Kincaid

William R. Kincaid
07/08/97 05:31:32 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: Revised Cardin

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Message Sent To: ______________________________

Bruce N. Reed/OPD/EOP
Elena Kagan/OPD/EOP
Michael Cohen/OPD/EOP
Ananias Blocker III/WHO/EOP
Kathryn B. Stack/OMB/EOP
Robert M. Shireman/OPD/EOP

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Parochial School can't deliver the services - comparable to Title I.

$ can't go to the ~~[illegible]~~ parochial school.

Jessica comments

William R. Kincaid
07/08/97 12:23:26 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Robert M. Shireman/OPD/EOP
Subject: Cardin Amendment

Below is my cut at the substance of what we agreed to at yesterday's Ed Strategy meeting as a possible substitute for the Cardin amendment. Please let me know if this strikes you as a sensible approach and whether it accurately captures what we discussed. It would be particularly helpful to get your feedback on the bracketed portions, which I don't think we really addressed yesterday, and which differ from Cardin's approach. I will separately circulate this to Mike Smith and others at Education for their reactions.

If folks agree that this is basically on the mark, I also need guidance on next steps. I think drafters would need to put this more in the form of legislative specs. Education would need to be involved, especially because this is designed to parallel key aspects of Title I and take into account Agostini v. Felton. On the other hand, because it is tax legislation, presumably Treasury needs to be involved at some point, as well. I can imagine ED taking a first cut, and then passing over to Treasury, but what do others think? And once that is settled, who should take the lead in shopping this with Cardin?

Thanks.

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William R. Kincaid
07/08/97 05:31:32 PM

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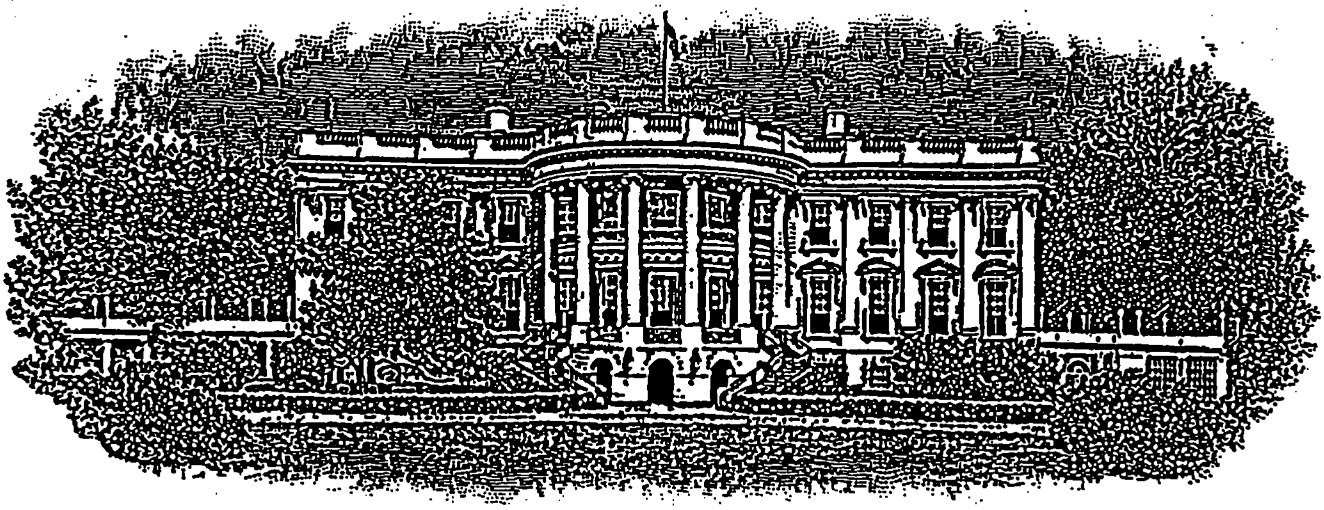
Robert M. Shireman/OPD/EOP

The White House



Domestic Policy Council
Old Executive Office Building, Room 220
Washington, DC 20502

Telephone Number: (202) 456-2857
Alternate: (202) 456-2216

FAX Number: (202) 456-7028
Alternate FAX: (202) 456-7431

FAX COVER SHEET

TO: Kathy Stock

FAX: 5-4875

FROM: BILL KINCAID

THIS FAX INCLUDES THE COVER SHEET PLUS 2 PAGES.

IF YOU DID NOT RECEIVE THE COMPLETE FAX, PLEASE CALL (202) 456-2857.

MESSAGE:

fyi - per my voice mail

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 26, 1996
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2546 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1996
(Sponsors: Walsh (R), New York; Jeffords (R), Vermont)

This Statement of Administration Policy provides the Administration's views on H.R. 2546, the District of Columbia Appropriations Bill, FY 1996, as reported by the Conference Committee. The Administration strongly supports efforts of the District of Columbia to bring fiscal stability, growth and opportunity to the city. The President remains committed to helping put the District back on the path to financial health and we appreciate Congress' decision to provide the full Federal payment to the District.

Regrettably, the conferees chose to include objectionable authorization and related legislation in the Conference Report. Based on these provisions, the President's senior advisers would recommend that the President veto this bill if it were presented to him in its current form.

While the Administration supports many of the school reform endeavors in the District of Columbia appropriations bill, it remains strongly opposed to the language in the legislation allowing the use of Federal taxpayer funds for private school vouchers.

The Administration strongly supports good schools both public and private, and recognizes that private schools are an important part of American education. However, establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for private schools across the country. Private school tuition vouchers would divert badly needed public funds and shift them to private institutions that would retain their ability to exclude students on the basis of their ability to pay or their academic achievement, and that are not accountable to the public. The Administration would support provisions in the bill that would permit the use of public funds for public school choice, and for scholarships for after-school and summer activities at either public or private non-sectarian schools.

The Administration strongly opposes section 2551(b)(6) of the bill which would, in effect, waive the application of labor protection laws, including the Davis-Bacon Act and civil rights provisions, to construction and repair work for the District of Columbia schools. In addition, the Administration recommends that the provision for permitting volunteers within 2561(a)(2) be consistent with the provisions under the Fair Labor Standards Act for volunteering to State and local governments. The Administration would also suggest that the same provision be clarified to exclude labor performed for contractors and subcontractors on work covered by the Davis-Bacon Act.

The Administration strongly opposes the abortion language of the bill, which would prohibit the use of both Federal and District funds to pay for abortions except in those cases where the life of the mother is endangered or in situations of rape or incest. The Administration objects to the prohibition on the use of local funds as an unwarranted intrusion into the affairs of the District. We urge repeal of a similar provision in P.L. 104-92.

The Administration is committed to working with the Congress to produce an acceptable bill as soon as possible. In view of the critical financial needs of the District, we urge the Congress to be responsive to these concerns.

Cardin Amendmt
Tax Package

U.S. DEPARTMENT OF EDUCATION

FAX TRANSMISSION

Office of the Secretary
600 Independence Avenue, SW
Washington, D.C. 20202
Office: (202) 401-8450
Fax: (202) 401-0596

TO: **MIKE COHEN** **DATE:** **June 13, 1997**

FAX : **456 - 7028**

FROM: **Susan Frost**
Senior Advisor to the Secretary

SUBJECT: **CARDIN AMENDMENT**

COMMENTS:

ADOPTED

AMENDMENT TO CHAIRMAN'S MARK 622-0534

OFFERED BY MR. CARDIN

On page 42, on lines 10 through 14, replace the existing language with the following new language.

"(1) IN GENERAL. -- In the case of education investment accounts maintained for the benefit of any one beneficiary, the term 'excess contributions' means any annual contribution in excess of $5,000 or the amount by which the amount contributed for the taxable year to such accounts exceeds the excess of --"

After page 30, add the following new section 204.

Section 204. EDUCATION ASSISTANCE FOR ELEMENTARY AND SECONDARY EDUCATION EXPENSES.

(a) IN GENERAL.-- Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25 the following new section:

SEC. 25A. EDUCATION ASSISTANCE FOR ELEMENTARY AND SECONDARY EDUCATION EXPENSES.

"(a) Allowance of Credit.-- In the case of an individual, there shall be allowed a credit against the tax imposed by this chapter for the taxable year in an amount that does not exceed the qualifying educational assistance expenditures paid by the individual during the taxable year.

"(b) Limitations.--

"(1) DOLLAR LIMITATION.-- The amount allowed as a credit under subsection (a) for any taxable year with respect to the qualified educational assistance expenditures of any one individual shall not exceed the lesser of --

"(A) $150, or

"(B) 50 percent of the costs incurred

"(2) ADDITIONAL LIMITATIONS.-- Such supplementary education must be provided with respect to reading, mathematics, or any subject that the dependent student is studying at the time in elementary or secondary school classes. Eligible courses of study shall not include courses providing assistance with respect to preparation for college entrance examinations.

"(c) Definitions.--

"(1) Qualifying educational assistance expenditures" means amounts paid to a qualifying entity to provide supplementary education to the taxpayer's dependent (within the meaning of section 152) who is less than 18 years of age and is enrolled as a full-time student.

"(2) Qualifying entity" means a person that is accredited as a supplementary education service provider by an accreditation organization that is recognized by the Secretary of Education or by any other agency, association, or group that is certified by the Secretary of the Treasury for purposes of this section.

"(d) REDUCTION OF CREDIT BASED ON ADJUSTED GROSS INCOME.--

"(1) IN GENERAL.-- The aggregate amount which would be allowed by this section shall be reduced (but not below zero) by $25 for each $1,000 (or fraction thereof by which the taxpayer's adjusted gross income exceeds the threshold amount.

"(2) THRESHOLD AMOUNT.-- For purposes of paragraph (1), the term 'threshold amount' means --

"(A) $80,000 in the case of a joint return,

"(B) $50,000 in the case of an individual who is not married, and

"(C) $40,000 in the case of a married individual filing a separate return.

For purposes of this paragraph, marital status shall be determined under section 7703.

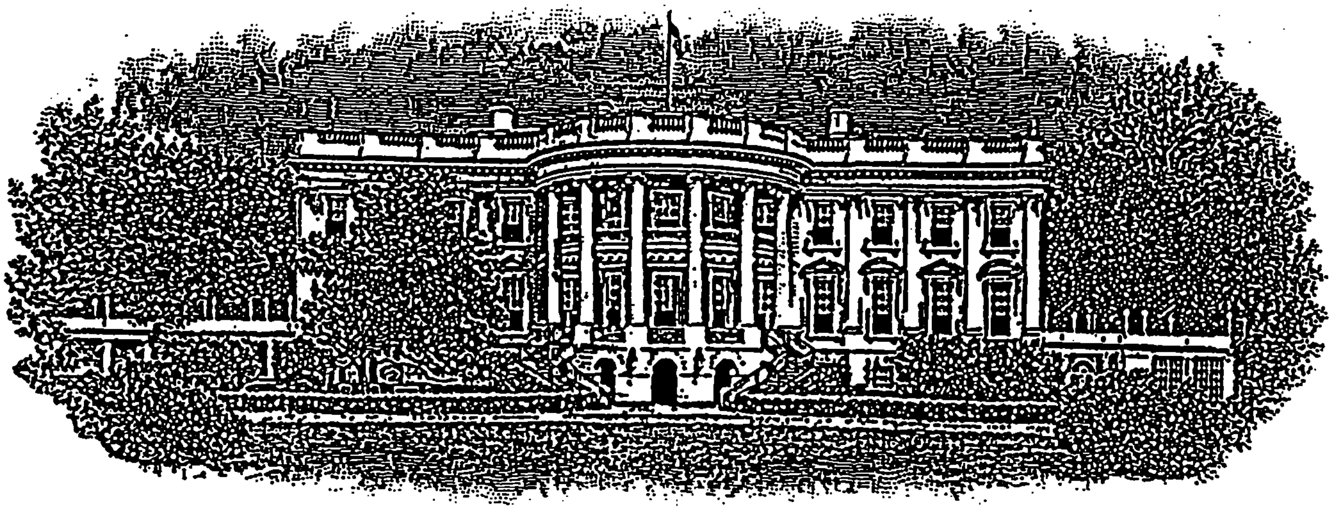
(e) EFFECTIVE DATE -- The credit shall be available for taxable years beginning after December 31, 1997.

Please fax to Cathy [illegible] - 632-9210

Question for Ed: Is this a defined group, "supplementary education service provider" or could it be any private school?

[illegible] Learning Centers was their model.

The White House



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FAX COVER SHEET

TO: Jessica Levin c/o Aaron Lieberman

FAX: 617-542-2557

FROM: BILL KINCAID

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MESSAGE:

William R. Kincaid
07/08/97 12:33:00 PM

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To: Mike_Smith @ ed.gov @ inet, Terry_Peterson @ ed.gov @ inet, Susan_Frost @ ed.gov @ inet, Scott_Fleming @ ed.gov @ inet

cc: Jessica_Levin @ ed.gov @ inet
Subject: Cardin Amendment

Below is my cut at the substance of what we agreed to at yesterday's Ed Strategy meeting as a possible substitute for the Cardin amendment. Please let me know if this strikes you as a sensible approach and whether it accurately captures what we discussed. It would be particularly helpful to get your feedback on the bracketed portions, which I don't think we really addressed yesterday, and which differ from Cardin's approach. I am also circulating this to Bruce Reed, Mike Cohen and others over here for their reactions separately. Also, I have spoken with Jessica in Boston and plan to fax this to her up there this afternoon.

If folks agree that this is basically on the mark, I think Jack Kristy/Paul Riddle at ED and maybe people at Treasury would need to put this more in the form of legislative specs. I am working on getting guidance from folks here on the best process for this and also for next steps on shopping something with Cardin.

Thanks.

ROUGH DRAFT -- July 8, 1997

An Amendment to Allow a Tax Credit for Costs and Fees Paid for Supplementary Educational Services for Children
[possible substitute for Cardin]

> Credit would be for up to [$150 or 50% of the costs incurred, whichever is less--Cardin amount] per year per child ages 6-18, enrolled as a full time elementary or secondary school student
>
> Credit would be for costs and fees paid
>
> Services provided must be *supplementary* to the basic educational program, and can include extra help/tutoring in core academic subjects, including reading and math [that the student is studying in school] [as well as enrichment in arts, music etc.]; the credit is

not available for regular tuition costs

Allowable services may not include college entrance test preparation

[Allowable services may not include sectarian instruction]

Services must be provided outside the regular school day, which can include before- or after-school, during summers, or on weekends

Services must be provided through a local school district, consistent with Title I

Consistent with Title I and the Supreme Court's ruling in Agostini vs. Felton , services may be provided at a public school or at another site (including private religious schools)

Consistent with Title I, services may be provided directly by the local school district, or under contract to the local school district

Note: Some districts currently provide after-school or summer services for free; others have elected to charge for them. In localities where the services are provided for free, there is no need for the tax credit because after-school services are already available. In localities where services are only available for a fee, the legislation would aid families that want extra services for their children. In communities where after-school tutoring is primarily provided in venues such as Boys and Girls Clubs, the school district could agree to contract with such organizations to provide the services. Where no services are currently offered, the tax credit may encourage districts to begin offering such services.

Because the services would be provided under the auspices of the local school district, there would be no need for any sort of [redacted]certification[redacted] process as envisioned in the Cardin legislation. Services could be provided through private organizations under contract to school districts to the same extent they can presently be provided under Title I.