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DOMESTIC COUNCIL CLEARANCE SHEET

DATE: April 26, 1975

JMC action required by: _____

TO: JIM CANNON

VIA: DICK DUNHAM _____

JIM CAVANAUGH _____

FROM: ROGER SEMERAD



SUBJECT: Presidential Meeting
April 28, 1975. 12:45 p.m. The Oval Office

COMMENTS: This is due by 4 o'clock this afternoon.

DATE: _____

RETURN TO:

Material has been:

_____ Signed and forwarded

_____ Changed and signed (copy attached)

_____ Returned per our conversation

_____ Noted

Jim Cannon

THE WHITE HOUSE

WASHINGTON

April 26, 1975

MEETING WITH MSGR. HERMAN H. ZERFAS
AND IVAN E. ZYLSTRA

Monday, April 28, 1975
12:45 p.m. (15 minutes)
The Oval Office

From: Jim Cannon

I. PURPOSE

To discuss Federal aid to parochial schools.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: There are 17,000 private elementary and secondary schools in the nation enrolling about 5,300,000 students. This means that 1 in 10 students are in private schools. Over 90 percent are in church-related schools with a vast majority enrolled in Roman Catholic schools.

Private elementary and secondary schools cannot receive direct government aid under current rulings of the U.S. Supreme Court. Some direct aid to parents has been denied. Certain benefits to children are allowed.

Most of the U.S. Supreme Court's actions were in State aid cases. In 1947, it upheld a New Jersey law which reimbursed public and private school parents for bus transportation costs. In 1968, it upheld a New York Law which allowed the loan of textbooks to public and private school children.

In 1971, the U.S. Supreme Court ruled against direct aid to church-related elementary and secondary schools but allowed the aid at the higher education level. However, the Court stated that the contributions of private schools have been enormous but that the idea of direct government aid to church-related institutions has always been rejected. It reaffirmed its position that bus transportation, textbooks loaned to children, school lunches, and public health services did not offend the First Amendment.

The high court specifically stated it was not ruling on the constitutionality of tax credits in the 1973 Nyquist decision, but doubt has been raised. Private school lawyers believe tax credits will pass muster. There are bills presently before this Congress. The April 30, 1973, Administration tax proposal is still before the House but no action has been taken since the 1973 N.Y. tax relief decision.

B. Participants:

Msgr. Herman H. Zerfas, Superintendent of Education, Diocese of Grand Rapids.

Ivan E. Zylstra, Administrator, School and Governmental Relations, National Union of Christian Schools, Grand Rapids.

Staff: Jim Cannon

C. Press Plan: To be announced. David Hume Kennerly photo only.

III. TALKING POINTS

1. I favor tax credits for private school parents to help them with growing tuition costs. There is, however, question of constitutionality of tax credits in light of the 1973 New York decision.

June
1973

A recent Administration review of the tax credit mechanism has shown proposals to be weak on cost-benefits tradeoff between loss of revenues and benefits to student recipients. It is theoretically possible that alternative plans could be more favorable. However, the essential regressive character of the scheme has made it difficult to formulate a plan which can overcome previous objections.

2. Regarding long-term, low interest loans to private schools for capital improvements, this is a possible area of legislation. At present, government loans are available under the National Defense Education Act for instructional equipment and to do minor remodeling. That law expires in June of this year, but schools will be eligible for the loan of equipment under the new education law (PL 93-380) beginning July 1, 1975.
3. The National Institute of Education is funding a voucher demonstration project in California. The Department of Health, Education, and Welfare is also going ahead with a planning grant for vouchers in New Hampshire and Connecticut. Vouchers can be a costly and controversial program. Nevertheless, we feel it is important to support some of this effort even in this time of stringent budgets and concern about inflation. We will evaluate the effectiveness of these experimental programs carefully.
4. I will continue to speak out for private schools and support your efforts all that I can. I look to you for some guidance in that area. Perhaps we can help with a national dialogue on the importance of preserving our private schools.

THE WHITE HOUSE
WASHINGTON

Date April 26, 1975

TO: JIM CANNON

FROM: ROGER SEMERAD

 X FYI

 For appropriate action

COMMENTS

Attached for additional background.

PRESIDENTIAL NEWS CONFERENCE
October 9, 1974 -- Rose Garden

FEDERAL AID TO EDUCATION

Q. Mr. President, on another question other than the economy, on a subject you haven't talked about before I don't believe, what is the Federal role in public education as you see it? And I have a follow-up.

THE PRESIDENT. The role of the Federal Government—

Q. How little?

THE PRESIDENT. —in the field of education is about what we are currently doing with the Federal aid to education legislation for primary and elementary schools. And I just signed the new education act. It was a step in the direction of consolidating some 35 categorical grant programs into six or seven. I think this is approximately the role of the Federal Government in primary and secondary education.

In higher education, if my recollection is correct, I voted for the existing higher education act. Therefore, I feel that it fundamentally is what the Federal Government should do in this area.

Q. Specifically, what are your views on Federal aid to private and parochial schools?

THE PRESIDENT. Well, I have personally expressed, over a long period of time, that I think a tax credit proposal is a good proposal. The Supreme Court, unfortunately a year or so ago, in effect, declared such a program—I think it was in the Pennsylvania case—as unconstitutional. I think that is regrettable because competition in education, between private and public, is good for the student. There is no reason why there should be a monopoly in education just on the public side. And private education has contributed over a long period of time at the primary, secondary, and graduate levels significantly to a better educated America. And I would hope that we could find some Constitutional way in which to help private schools.

October 8, 1974

MEMORANDUM TO: JIM CAVANAUGH
FROM: ROGER D. SEMERAD
SUBJECT: TUITION TAX CREDIT.

In response to the President's inquiry, this brief outlines the problems and history of debate regarding tax credit proposals.

The concept of allowing deductions or forgiveness in Federal income taxes on educational costs for students and their parents has been discussed actively since at least 1964. Senator Ribicoff has been the most frequent spokesman for this type of plan. In 1964, a plan to allow such a deduction was under active discussion in the Congress and gaining major support. Budget analysis at that time raised two major obstacles: (1) tax forgiveness plans are highly regressive, because the amount of benefit rises directly with tax liability, a function of income. Those who need help most get almost no benefit from tax forgiveness. (2) Losses on the Federal revenue side offset by several orders of magnitude the alternative cost of providing grants and loans to the same group of students.

As a result of this analysis, the Johnson Administration pushed very hard for an alternative to the Ribicoff proposal which resulted in the Federal Guaranteed Student Loan program, enacted in 1965. Various tax forgiveness plans have been discussed for the last ten years. To date, Administrations of both parties have opposed them for the two reasons cited above.

The U. S. Office of Education is currently reviewing staff office records to see if any concise summary or more recent analysis is available. While the previous analysis has shown proposals to be weak on cost-benefits tradeoff between loss of revenues and benefits to student recipients, it is theoretically possible that alternative plans could be more favorable. However, the essential regressive character of the scheme has made it difficult to formulate a plan which can overcome previous objections.

A related issue, likely to be surfaced by discussion of the above topic, is the relief of costs of private elementary and secondary school costs. The greatest impact here is the church related, mostly Catholic schools. This reopens traditional Church-State issues of government support for education.

If additional information is required please let me know.

President, ~~and~~ (2:45)

4/28/75

system - helpful - covered all

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a study on to
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refers - cover subject in
order to do a
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How could - directions
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regard how with
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Director cannot to
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Refer Dr ^{Ted} Ball excellent -
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ever dealt with

fund - based on people -
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Dept.

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& what it can do.

All concern the Court
& permissiveness of
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& Give them copies of
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"don't do the guilty"

~~Zeffer~~ list of 3 candidates
for Supreme Court

Refers = P - ~~to~~ - to get to
the line

What benefits are constitutionally
possible to now provide
schools under existing states

New areas -

- 1 Tax deductions
- 2 Tax credits
- 3 Voucher
- 4 Reimbursements for the secular
services the non-public schools