

cape Council for American Private Education outlook

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House Poised to Act on Education Tax Deduction

The House of Representatives is expected to take up a bill this month that would provide low-income parents a tax deduction for expenses related to elementary and secondary education in public or private schools.

The measure would build on the current tax deduction for higher education expenses, extending it to costs incurred in connection with K-12 education, including books, computers, supplies, equipment, transportation, tutoring, special needs services, fees, and tuition. The maximum annual deduction for K-12 expenses would be \$3,000 and would be available to persons with adjusted gross incomes not exceeding \$20,000 for individual filers or \$40,000 for joint filers. Under these provisions, a married couple earning \$35,000 annually and incurring \$3,000 in K-12 expenses for tutoring or tuition would realize a tax savings of about \$450.

According to the U.S. Census Bureau, about 20 million children in grades K-12 (40 percent of the school-age population) come from families with annual incomes under \$40,000.

To streamline the tax-filing paperwork and to expand the class of beneficiaries, the deduction would be "above-the-line." The term refers to a deduction to gross income taken above the bottom line of page 1 of Form 1040. Taxpayers need not itemize (i.e., use Schedule A) to take the deduction.

According to a report prepared by the Joint Committee on Taxation, the proposal, while imposing separate new maximum deductions and income limi-

tations for K-12 expenses (described above), would retain the current parameters for expenses related to higher education. A family could take the new K-

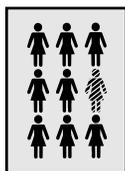
12 deduction in addition to the existing deduction for college costs. Under current law, taxpayers with adjusted gross incomes that do not exceed \$65,000 (\$130,000 for joint filers) may take a maximum de-

duction for higher education expenses of \$3,000. But in tax years 2004 and 2005 (the deduction expires after December 31, 2005), the maximum deduction jumps to \$4,000, and a new deduction of up to \$2,000 kicks in for persons with incomes as high as \$80,000

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PDK Poll Shows Big Jump in Support for School Choice



The nation's most prominent poll on attitudes about education shows a dramatic increase since last year in the percentage of Americans who support public funding of attendance at private schools.

Two questions in the poll have tracked public opinion on the issue for more than five years, and this year both questions have registered all-time high response rates from persons favoring

government assistance for students in private schools. The 34th Annual Phi Delta Kappa/Gallup Poll of the Public's Attitudes Toward the Public Schools was taken before the Supreme Court issued its decision in the Cleveland voucher case. The poll's report predicts that the uptick in support for funding private education will likely affect the debate that will arise from the decision.

In the first question, respondents are asked whether they "favor or oppose allowing students and parents to choose

a private school to attend at public expense." Forty-six percent of respondents this year said they favor the idea, a 12-point increase over last year's 34 percent.

The second question is more involved:

"A proposal has been made

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H.R. 5193 continued from page 1

(\$160,000 for joint filers). So while the higher education deduction is available to families with a range of incomes, the K-12 deduction would be distinctly focused on families most in need.

The Joint Committee estimates the bill would have a cumulative revenue loss through 2006 of \$4.9 billion. As is the case with the tax deduction for college expenses, as well as all other deductions and credits, the revenue effect would involve a general loss to the U.S. Treasury and would not be related to a particular expenditure item.

The bill, called the *Back to School Tax Relief Act* (H.R. 5193), represents a compromise among various parties determined to enact some measure of tax relief to help families with K-12 education costs. Last April, Representative Bob Schaffer (R-CO) proposed a tax credit for contributions to public or private schools and to nonprofit organizations that award grants to students for education expenses. That proposal was reviewed by Ways and Means Committee Chairman Bill Thomas (R-CA) and his staff, who helped reshape it into H.R. 5193. The new bill is backed by House Republican leadership.

**HR 5193
in Brief**

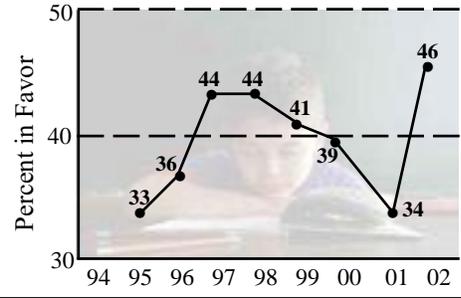
- Expands current tax deduction for higher education expenses by including an additional deduction for K-12 expenses.
- Covers expenses such as tuition, tutoring, books, computers, supplies, equipment, transportation, special needs services, and fees.
- Available to individuals with annual incomes up to \$20,000 and to joint filers with incomes up to \$40,000.
- Begins with tax year 2003 and ends after tax year 2005.

Poll continued from page 1

that would allow parents to send their school-age children to any public, private, or church-related school they choose. For those parents choosing nonpublic schools, the government would pay all or part of the tuition. Would you favor or oppose this proposal in your state?"

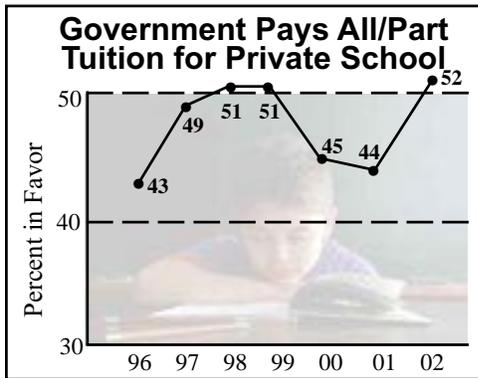
Fifty-two percent said they favor the proposal, while 46 percent oppose it. Support jumped 8 points from last year's level of 44 percent. A breakout

Choose a Private School to Attend at Public Expense



by race is revealing: 49 percent of whites and 63 percent of nonwhites support the proposal. And a sharp divide also exists by age. Sixty-nine percent of 18- to 29- year-olds favor the idea, while only 39 percent of persons 50 or older do so.

In a section dealing with policy implications, the report concludes that the "jump in support for allowing students and parents to choose a private school to attend at public expense will fuel the debate over vouchers that is almost guaranteed by the recent Supreme Court decision on vouchers."



SAT Scores Up and Down

The College Board last month released SAT scores for college-bound graduates of the class of 2002. The story in a nutshell is this: math scores are up, verbal scores are down.

Since 1997, average math scores rose 5 points, with the 2002 score of 516 being the highest in 32 years. Average verbal scores, however, declined 1 point since 1997, hitting an unremarkable 504 in 2002. Combined SAT scores for the class of 2002 totaled 1020, a net gain of 4 points since 1997.

Scores varied considerably by type of school. Combined scores for public schools, religious schools, and independent schools were, respectively, 1012, 1057, and 1119. Since 1997, scores rose 2 points for public schools, 18 points for religious schools, and 12

points for independent schools. Thus, as much as half of the 4-point gain in the national average combined score since 1997 may be attributable to the above-average increases posted by private school students—quite an accomplishment, since they constitute a relatively small share of seniors taking the SATs. Private schools enroll 9 percent of the nation's 12th graders, and account for 17 percent of 12th grade SAT takers from traditional schools (a term that excludes charter, correspondence, home, and non-accredited schools).

Nationally, 46 percent of this year's 2.87 million high school graduates took the SAT, including 40 percent of 2.59 million public school graduates and 76 percent of 280,000 private school graduates.

**SAT Test Scores
Class of 2002**

	Verbal	Math
National	504	516
Public	500	512
Religious	531	526
Independent	549	570

Guidance Issued on Supplemental Services Program

Private schools are eligible providers of supplemental services under the *No Child Left Behind Act* (NCLBA). That was just one of the details delivered last month in guidance released by the U.S. Department of Education on the new supplemental services program.

Low-income students who attend persistently failing public schools are entitled to extra academic services, such as tutoring and remediation, that take place outside the regular school day. Parents select the provider of services from a list of providers approved by the state.

Students at an estimated 3,000 public schools in their second year of needing improvement will be eligible to receive supplemental services this fall. The number of schools and students is expected to grow dramatically in future years.

Each eligible student will receive funds for supplemental services equal either to the amount the district receives in Title I funding per low-income child or to the cost of the services, whichever is less.

In anticipation of the opportunities presented by this new provision of education law, various for-profit vendors are gearing up to provide supplemental services. But the Department's guidance makes clear that states can approve a variety of entities as service providers, including private schools, faith-based organizations, and other community organizations. Private schools should have no problem meeting the qualifying criteria, one being a record of effectiveness in improving student academic achievement. Offering supplemental services could be a way for private schools to reach out to the community and assist children not currently enrolled in the school. In return, the school and its teachers would be compensated for the costs of providing the services.

To be eligible providers, schools have to be approved by their state education departments. States are now in the process of publishing provider criteria

and applications.

The guidance issued August 6 states that a supplemental service provider "is not, merely by being a provider, a 'recipient of Federal financial assistance.'" The document goes on to say that providers must meet "all applicable federal, state, and local health, safety, and civil rights laws" and "may not discriminate on the basis of race, national origin, sex, or disability in accepting students, and providing students with supplemental educational services." The provisions apply to the supplemental educational services program and not to the entire agency or institution delivering the service.

With respect to faith-based organizations (FBOs) serving as providers of supplemental services, the guidance document clarifies that while such providers may not "discriminate against beneficiaries on the basis of religion," they are not required to "give up their religious character or identification to be providers." The document underscores the prohibition against federal funds being used to support "religious practices, such as religious instruction, worship, or prayer," and directs FBOs to "comply with generally applicable cost accounting requirements to ensure that federal funds are not used to support these activities."

On whether private school students are entitled to supplemental services, the Department's guidance repeats the provision in the *No Child Left Behind Act* that such services are only available to qualifying children in public schools.

The supplemental services guidance document is available on the Web at <http://www.ed.gov/offices/OESE/SASA/suppsvcsguid.pdf>.

Private Schools and the No Child Left Behind Act

**Download
CAPE's New Guide**

www.capenet.org/new.html

Report Issued on Teacher Quality

What are the marks of an effective teacher? "[R]igorous research indicates that verbal ability and content knowledge are the most important attributes of highly qualified teachers." So says Secretary of Education Rod Paige in his first annual report to Congress on teacher quality.

According to the report, titled Meeting the Highly Qualified Teacher Challenge, "[S]tudies have consistently documented the important connection between a teacher's verbal and cognitive abilities and student achievement." Stanford University economist Eric Hanushek is quoted in the report as saying, "[P]erhaps the closest thing to a consistent conclusion across studies is the finding that teachers who perform well on verbal ability tests do better in the classroom [in boosting student achievement]."

That's good news for students in private schools. A 1999 report on first-time teachers from the National Center for Education Statistics (NCES) found that the average SAT verbal score was 578 for private school teachers and 520 for public school teachers (Progress Through the Teacher Pipeline, table C26). The average SAT math score was 558 for private school teachers and 516 for public school teachers.

Secretary Paige's report calls into question the value of prospective teachers attending schools of education. "Historically, research suggests that students enrolled in schools of education are not as academically accomplished as other university students." Data also suggest that such schools "fail to attract the best students." Only 14 percent of college graduates who majored in education and 15 percent of all public school teachers had SAT or ACT scores in the top quartile. "In contrast, 25 percent of uncertified teachers scored in the top quartile on these tests, as did 33 percent of private school teachers."

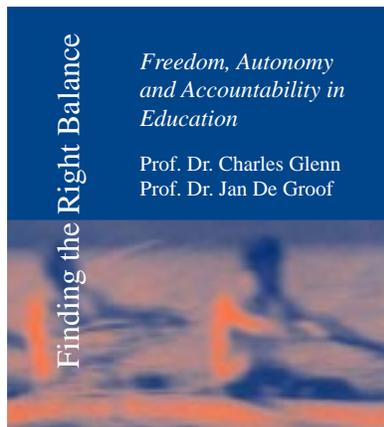
Meeting the Highly Qualified Teacher Challenge is available at <http://www.title2.org/secReport.htm>.



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As the debate heats up about extending the freedom to choose a child's school to parents who don't have the money to exercise that freedom, related discussions are intensifying about what constitutes reasonable government regulation of non-government schools. What's an appropriate accountability mechanism for private schools? Should private school teachers hold the same credentials as those in public schools? Should schools be permitted to admit students on the basis of religion or academic performance? Should they be expected to teach certain core values necessary for good citizenship? Should the state require all students to meet the same performance standards? And at what point does government regulation preclude parental freedom by effectively eliminating distinctions among schools?



In *Finding the Right Balance, Volume I*, authors Charles Glenn and Jan de Groof provide a practical framework to help policymakers handle the tension between school choice and state control. They lay out the issues clearly and examine how more than two dozen countries deal with educational freedom for parents and government regulation of schools. Their real-life examples of governments interacting with non-government schools provide policymakers and private school leaders an encyclopedia of particular approaches to a complex area of public policy. An impressive work of scholarship, the 624-page book is a "must read" for anyone involved with education policy and private schools.

An upcoming volume II will provide a comprehensive analysis of the legal and policy issues associated with educational freedom and state accountability.

Finding the Right Balance, Volume I may be purchased at the publisher's

Web site: <http://www.lemma.nl/autosite/boeken/984.htm>.

- U.S. Education Secretary Rod Paige recently released details of a proposal to revamp the Blue Ribbon Schools recognition program. Interested parties have until September 27 to comment on the proposal, called the No Child Left Behind - Blue Ribbon Schools Program.

According to the draft application packet, the purpose of the proposed program is "to honor those elementary and secondary schools in the United States that make significant progress in closing the achievement gap or whose students achieve at very high levels." Schools would qualify for the award (1) if their test scores put them in the top 10 percent of schools in the state or (2) if they have 40 percent or more students from disadvantaged backgrounds and have dramatically improved student performance. The proposed program would recognize elementary and secondary schools in the same year.

To download and review the draft application package and to find out how to comment on the proposed program, visit CAPE's Web site at the following address: <http://www.capenet.org/brs.html>.