

Chance Is Seen For Tax Relief In School Costs

By ARNOLD B. SAWISLAK
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Washington - (UPI) - The idea of federal school aid through tax relief, like the little man who wasn't there, has been proclaimed by experts to be a figment of the imagination. But it still won't go away.

Bills to permit income tax deductions or credits for educational expenses have been hard congressional perennials for years. They have been poured into House and Senate hoppers every year with appropriate pledges from their sponsors to demand quick passage. That was the last to be heard of them.

The bills have aroused even more interest than usual in the 88th Congress. In the months since Congress convened, more than 100 members of the House and Senate have sponsored legislation of this sort.

Given A Slim Chance
This year, for the first time, tax relief for educational expenses is given a slim chance, for several reasons.

In past years, the strongest supporters of such bills knew they were bucking unbeatable treasury and White House opposition. A bill carrying this kind of tax relief seemed sure to be vetoed. As a result, there was very little effort to get House or Senate action.

But this year, it could be attached to the general income tax reduction measure that appears sure to pass. As part of a tax-cutting bill that President Kennedy had given top priority, the proposal would be virtually veto-proof.

On Same Road to Defeat
Another factor is the general feeling that Kennedy's proposals for direct federal aid to public schools are on the same road to defeat they traveled in 1961-62.

More than one congressman has suggested that tax relief for the parents of parochial school students would be "the way out" of the heated church-state argument that has helped scuttle all aid to education plans.

Some believe that passage of a tax relief measure for church and private school expenses would open the way for approval of general federal aid to public schools. They see it as a means to the ends sought by Kennedy.

Opposition to the proposal is impressive. Administration officials and many leaders of national educational organizations are dead set against them.

Plan Cost Too Much
The government officials' principal objection is that the relief plans would cost too much. Educators argue the proposals might help some families hard-hit by educational expenses, but there is no guarantee they would help the schools.

There also is feeling in both groups that if they relax their opposition to tax relief as a school aid device, that would be all the assistance American education will get from Congress for a long time to come.

Support for the proposals defies classification. For example, Sen. Barry Goldwater (R-Ariz.) says he believes there is no need for federal aid to schools. But, he adds, if such a need can be shown, the way to meet it is with tax deductions for college expenses and tax credits for local elementary and secondary school levies.

Introduces Several Bills
At the same time, Rep. Adam Clayton Powell (D-N.Y.) chairman of the House Education and Labor Committee which has tried for years to push over a direct federal school aid plan, has introduced several education bills.

All the measures vary widely. Most would give tax relief for the expenses of sending a boy or girl through college. Some would cover the expenses of private and parochial school tuition at the grade and high school levels. A few would cover all educational expenses, kindergarten to graduate school.

They would offer differing types of relief. Some would permit a taxpayer to include all or part of his expenses for education in his deductions, along with charitable contributions, taxes, interest payments and medical expenses.

A smaller number would give additional exemptions for dependents attending private schools or colleges.

Others would give tax credits for all or part of the education expenses. This would permit the taxpayer to simply subtract from his tax bill the allowable portion of school expenses.

If any proposal is to get anywhere, a tax credit plan seems to be most likely.

The kind of tax relief offered makes a difference, both to the taxpayer and the government.

Would Lose Tax Revenues
For example, if a deduction were permitted for college tuition, books and living expenses up to \$1,000 a year, the treasury could figure on losing \$750 million in tax revenues. This would increase to a \$1 billion loss in three years, officials estimated.

A \$600 additional exemption for taxpayers with dependents in college would cost \$400 million a year. Bills permitting a tax credit for college tuition expenses up to \$300 a year would cost an estimated \$750 million to \$850 million a year.

While deductions and credits would have a similar effect on the treasury, individual taxpayers would see a wide difference.

Same for Everyone
A \$300 credit would be the same for everyone. The person earning \$8,000 a year would get the same maximum benefit as the \$80,000-a-year man. That is because the credit would be subtracted after the taxes are computed.

But a \$1,000 deduction would yield widely varying benefits. The taxpayer in the lowest bracket, 20 per cent, would save \$200 from the maximum deduction. A high-income person in the top, 91 per cent, bracket, would get a \$910 tax saving.

The educators' argument against tax relief is that there is no way to be sure it will help the schools. The only way that could be assured would be for every school to raise its tuition, and they don't want to encourage that.

Should Do It Directly
The schoolmen say that if the federal government has a responsibility to improve education, it should do so directly. Most spokesmen for the big national educational groups say this can be done without giving the federal government control over what is taught in local schools.

On this point, many advocates of the tax relief approach argue that the government has a duty to make sure that direct aid is used for the purposes intended. They say this is a form of federal control and automatically unacceptable.

Some supporters of both tax relief and direct school aid believe deductions, exemptions or credits open the way to settlement of the church-state battle. They feel that congressmen now opposing general school aid unless it includes parochial institutions would relent if there was tax relief.

Small Piece of Pie
There is some evidence that this is not so. Msgr. Frederick Hochwalt, education director of the National Catholic Welfare Conference, told the House Education and Labor Committee that "this is only a small piece of the pie and consequently a lot of parents would question it." In addition, he said, the aid would be only "slight" to low income families.

The argument continues. At present, tax relief does not seem to have a chance for inclusion in the bill now under consideration in the House Ways and Means Committee. If the committee fails to put such a plan into the bill, the House will have no chance to do so.

The picture may be different after the bill is out of the House. While the Senate Finance Committee is not expected to endorse such a plan, supporters would have a good chance to add one to the bill on the Senate floor.

Then, it would be up to a House-Senate conference compromise committee. If the Senate has approved tax relief for educational expenses by a convincing majority, it might survive the pulling and hauling that leads to the final tax bill.

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