

Council for American Private Education

CAPE outlook

Voice of America's private schools

Fiscal Cliff Deal Affects Private Education

The agreement that Congress approved January 1 to avert the “fiscal cliff” includes numerous provisions whose implications are still being sifted by Washington observers, but several components of the complex and dense law, called the *American Taxpayer Relief Act of 2012*, are already known to carry clear consequences for private education.

Coverdell Accounts

In a major breakthrough, the law makes permanent the Coverdell Education Savings Accounts (ESA), which allow families to earn tax-exempt interest on up to \$2,000 in annual savings for certain expenses, including tuition, associated with elementary, secondary, or postsecondary education in public or private schools.

The Coverdell program has previously been subject to sunset provisions. The *Economic Growth and Tax Relief Reconciliation Act of 2001* (EGTRRA), which expanded what were once college-only savings accounts to elementary and secondary education and which increased the annual allowable contribution from \$500 to \$2,000, had an expiration date of December 31, 2010. The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010* (TRUIRJCA) then extended the program's life through December 31, 2012. But with each approaching sunset date, families were understandably uncertain about the program's future. The permanent extension eliminates the uncertainty and puts the program on sound footing.

Coverdell accounts are of historic significance to the private school community, being the first and only measure of federal tax relief that specifically helps parents with the costs of a child's education in a private, including religious, elementary or secondary school.

Still, the tax relief provided by the program is modest—amounting to tax-free

earnings on savings marked for education. In other words, the buildup of interest within the accounts is tax free, and neither the principal nor interest is taxable upon withdrawal if used for a qualified educational expense. Such expenses include tuition, fees, academic tutoring, after-school programs, special-needs services, books, supplies, computers, uniforms, and transportation. A noteworthy component of the program allows third parties, including corporations, unions, and tax-exempt organizations, to establish and contribute to ESAs. The benefits phase out for taxpayers above a certain income level.

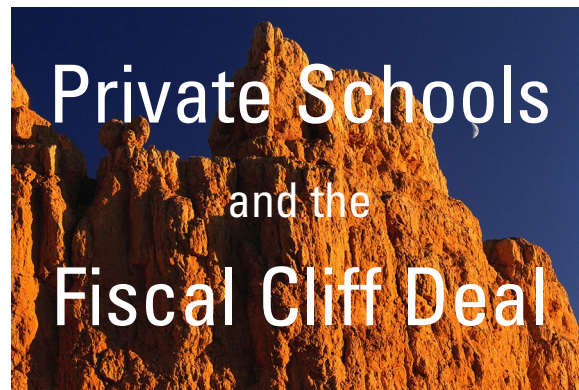
Teacher Tax Deductions

The massive bill approved by Congress also retains, though only for two years, the above-the-line deduction for certain expenses incurred by elementary and secondary school teachers. Classroom teachers and other educators in public and private schools may continue to deduct up to \$250 for their out-of-pocket expenditures for books, computer equipment and software, and other materials and supplies used in the classroom. The deduction expired at the end of 2011, but the new law extends the program into tax years 2012 and 2013.

Charitable Tax Deductions

The nonprofit community had been worried that a “fiscal cliff” compromise might attempt to raise revenues by limiting the tax benefits associated with charitable contributions. Although some of those

worries were averted, the agreement between Congressional leaders and President Obama nevertheless imposes limits on the value of itemized deductions, including deductions for charitable giving, for certain high-income taxpayers.



The Charitable Giving Coalition, of which CAPE is a member, had lobbied vigorously to preserve the full value of current tax deductions for charitable donations. Some proposals on the table

would have capped itemized deductions at a certain amount (e.g., \$50,000) and another, advanced by President Obama in his 2013 budget proposal, would have limited the tax benefit of deductions to 28 percent of their value for households with annual incomes over \$250,000. The compromise agreement does not cap itemized deductions in either of these ways.

However, the new law still manages to reduce the value of itemized deductions for high-income taxpayers, albeit in a somewhat roundabout way, by amending and reinstating a reduction in total deductions when a taxpayer's annual income exceeds a certain amount (\$250,000 for singles and \$300,000 for married couples, subject to adjustments for inflation). Under the Pease Limitation (named after deceased Representative Don Pease) itemized deductions must be reduced by 3 percent of the amount that a taxpayer's adjusted gross income exceeds the applicable threshold, up to 80 percent of the amount of the deductions. In effect, the proposal increases the taxable income of people it affects and thus reduces the tax incentive to donate.

CAPE member organizations:

- Agudath Israel of America
- American Montessori Society
- Association Montessori International—USA
- Association of Christian Schools International
- Association of Christian Teachers and Schools
- Association of Waldorf Schools of N.A.
- Christian Schools International
- Evangelical Lutheran Church in America
- Friends Council on Education
- Lutheran Church—Missouri Synod
- National Association of Episcopal Schools
- National Association of Independent Schools
- National Catholic Educational Association
- National Christian School Association
- Oral Roberts University Educational Fellowship
- Seventh-day Adventist Board of Education
- United States Conference of Catholic Bishops
- Wisconsin Evangelical Lutheran Synod Schools
- 33 Affiliated State Organizations

a coalition of national associations serving private schools K-12
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Jindal: No Equal Opportunity in Education

“The United States of America does not provide equal opportunity in education.” So declared Louisiana Governor Bobby Jindal in a rousing speech on education reform December 11 at the Brookings Institution in Washington, DC.

In connection with the release of the Education Choice and Competition Index (ECCI), an interactive web application from Brookings that ranks public school districts on their ability to provide school choice and competition, Jindal explained why the Recovery School District in New Orleans was the top-ranked district on the index and also set out a blueprint for improving schools across the nation.



Governor Bobby Jindal of Louisiana delivers a keynote address December 11 at the Brookings Institution in Washington, DC. (Image captured from Brookings video)

in third grade and now, age 11, “Gabriel is happy, well-adjusted, and on track to enter a college prep program and then ultimately college.”

Between charter schools and private school choice, “the percentage of students in New Orleans that are reading and doing math at grade level has more than doubled” since 2007. According to Jindal, no child in New Orleans “is stuck in the school that happens to be in their zip code, no child is priced out of a better private option, and student achievement is on the rise.”

Claiming “there is no such thing as a quality monopoly,” Jindal said quality “is driven by competition, accountability and autonomy.” Ex-

panding that theme, he said, “Let providers compete. Hold them accountable for outcomes, but get out of the way and let teachers and school leaders do their jobs.”

Significant Growth

Jindal cited statistics connected with the New Orleans choice program: “The scholarship schools are showing significantly more growth since 2008 than schools statewide. While the state grew two points in the percentage of proficient third graders in math, the scholarship program grew 23 percentage points. While the state grew three points in the percentage of proficient third graders in English, the scholarship program students grew 12 percentage points.”

With the governor’s strong support, the Louisiana legislature has since expanded the scholarship program to low-income students statewide. “Now any student at a C, D, or F rated school can attend the private school of his choice,” he said. So far, 117 private schools have signed up, and 10,000 students have applied for 5,000 slots.

Jindal concluded his remarks by saying school choice should not be a partisan issue but a consensus issue. “Equal opportunity in education shouldn’t be a conservative position, or a liberal position, it should be an American position.” He went on to say that to oppose schools choice is to choose “an old antiquated centralized approach that is not working,” to put “the wishes of the adults who control the status quo ahead of the needs of our children,” and to oppose “equal opportunity for poor and disadvantaged children in America.”

Failing Schools

Jindal said that children from low-income families in urban neighborhoods are more likely than not to attend a failing school, lacking the resources to enroll in a private school or to move to a district with high-performing public schools.

He blamed the lack of school options for poor families on teachers unions. “There is one entity working hard every day, spending millions of dollars every year, to make sure that you do not ever get the opportunity to get your child out of that failing school and into a different school. That entity is the teachers union. That, my friends, is shameful.”

Scholarship Program

The governor said that efforts to turn around failing schools in New Orleans through a state takeover and the establishment of charter schools were not enough. “Public schools were improving—at rates that defied imagination—but still, too many students weren’t on grade level.” So in 2008, the state created the New Orleans Scholarship Program. “Why wouldn’t we give [students] the choice—with their parents’ own tax dollars after all—to pick the better option next door? These kids simply had no time to lose.”

During the program’s first year, 600 students participated; today nearly 3,000 students attend private schools using the scholarships. One participant is Gabriel Evans, who was “way behind academically” and “was being bullied” in his previous school. He transferred to a religious school

Private School Students Above Average in Vocabulary

“By words we learn thoughts, and by thoughts we learn life,” wrote Swiss educator Jean Baptiste Girard. A report released December 6 by the National Center for Education Statistics (NCES) makes no claims about American students’ knowledge of thoughts and life, but does examine, in considerable detail, their knowledge of words. And it turns out that when it comes to knowing the meaning of words, students in private schools perform well above the national average.

Vocabulary Results from the 2009 and 2011 NAEP Reading Assessments reports that private school students in fourth grade scored a 233, which is 15 points higher than the national average of 218. Private school eighth graders outpaced the national average by 20 points (285 vs. 265). Scores are reported on a 500-point scale, with 220 representing the 50th percentile and 245 representing the 75th percentile for grade 4. For grade 8, the 50th and 75th percentiles were, respectively, 267 and 291.

First of Its Kind

This is the first National Assessment of Educational Progress (NAEP) report to present vocabulary skills, drawing from questions embedded within the NAEP reading assessment. According to the report, vocabulary is assessed “in a way that aims to capture students’ ability to use their understanding or sense of words to acquire meaning from the passages they read.” Students are not asked to define words in isolation, but “within the context of particular passages,” demonstrating an understanding of words “by recognizing what meaning the word contributes to the passage in which it appears.”

As an illustration of how vocabulary is assessed within context, one question asked eighth graders to explain what an author meant when he wrote, “The mint syrup *permeated* the shaved ice.” Fifty-one percent of students correctly determined that the author meant to convey that the syrup “spread all the way through the shaved ice,” though 24 percent thought the author meant that the syrup “made the shaved ice taste better.”

In grade 8, between 50 percent and 74 percent of students recognized the meaning of the words *concocted*, *embedded*, *laden*, *permeated*,

pressed, *responsible*, *solace*, *tolerate*, *vast*, and *wistful*. The same was true of the following words for fourth graders: *breakthrough*, *cleared*, *clenched*, *gaze*, *models*, *outraged*, *poses*, *puzzled*, *sparkle*, *staggering*, *striking*, and *suggested*.

Stubborn Gaps

Gaps in vocabulary scores between certain groups were stark. At grade eight, the difference between the scores of white students and black students was 29 points, while the white-Hispanic gap was 28 points. By contrast, the distance between male and female students was relatively narrow, with female eighth graders outscoring males by only 3 points.

Connections

According to the National Assessment Governing Board (NAGB), which sets policy for NAEP, “There was a consistent relationship between

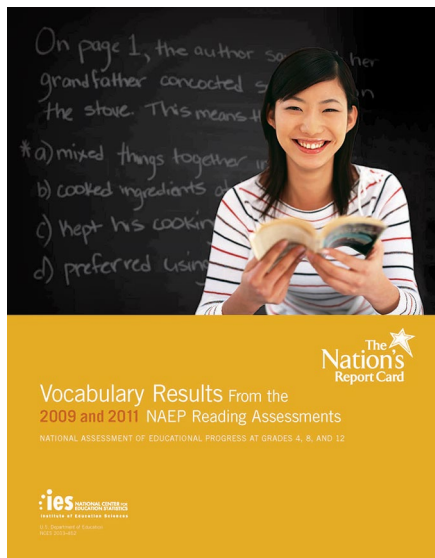
performance on vocabulary and performance on reading comprehension.” In other words, students with the highest reading comprehension scores also tended to have the highest vocabulary scores, while low-performing students scored poorly in both skills.

“Without a strong vocabulary, any child’s ability to read and to learn suffers dramatically,” said NAGB Chair David Driscoll. “Helping students improve their vocabulary and use words in the proper context is essential to improving overall reading ability—especially for students who most need to improve.”

E.D. Hirsch, Jr., founder of the Core Knowledge Foundation, commented on the results in *The Wall Street Journal*: “On average, students don’t know the words they need to flourish as learners, earners, or citizens.” He went on to note that “verbal tests are, at bottom, vocabulary tests,” adding that building vocabulary “is a slow process” that depends on students having a rich understanding of context. “Substance, not skill, develops vocabulary and reading ability—there are no shortcuts.”

The tests involve a representative sample of the nation’s students in public and private schools, involving 213,100 students at grade 4 and 168,200 students at grade 8.

The vocabulary report is available online at <<http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2013452>>.



New Voice for Choice

U.S. Senator Marco Rubio (R-FL) offered a bold proposal for school reform last month that included establishing a federal tax credit “so that students from low-income families can receive a scholarship to pay for the cost of a private education of their parents’ choosing.” The plan would bring to the federal level the popular scholarship tax credit programs that currently exist in eleven states.

In a broad policy speech at the Jack Kemp Foundation Leadership Award Dinner December 4, Rubio, the event’s honoree, offered several proposals for reforming education, including “state level curriculum reform,” an “investment in continuing teacher training,” the encouragement of “career, technical and vocational education,” and reformation of “federal college grant and loan programs.”

Noting that elementary and secondary education “for millions of disadvantaged American children is a disaster,” Rubio said “empowering parents” is the key to improvement. “Parents should be the ultimate decision makers on where their children go to school. But poor and working class parents often have no choice about what schools their children can attend.” And while all parents “should be able to send their children to the school of their choice,” he said that such freedom is “especially important” for parents of children with special needs.

Just as corporations receive a tax break for investing in equipment, “shouldn’t there be a tax credit for investing in people?” he asked. “Let’s create a corporate federal tax credit to a qualifying, non-profit 501(c)(3) Education Scholarship Organization, so that students from low income families can receive a scholarship to pay for the cost of a private education of their parents’ choosing.”

Return service requested

CAPE notes

★ Boston Mayor Thomas M. Menino announced last month that the city will expand cooperative efforts between traditional public schools, public charter schools, and Catholic schools, thanks to a \$3.25 million grant from the Bill & Melinda Gates Foundation.

According to a news release from Boston Public Schools, the compact links participating schools around the shared goal of improving “teaching and learning for all Boston children.”

“I represent every student in Boston, no matter which school he or she attends,” Mayor Menino said. “This award will help all our schools work together to ensure every child gets a great education.”

“We launched this compact in part so our great teachers can share what they have learned around educating all students,” said Boston Public Schools Superintendent Carol R. Johnson.

“Catholic schools joined this compact to share our best practices and learn from our public and charter school peers,” said Mary Grassa O’Neill, school superintendent for the Archdiocese of Boston. “We believe it is essential for all students in the city of Boston to receive a rigorous education, and collaboration among schools is crucial in this endeavor. This partnership helps ensure a bright future.”

“We hope this compact can be replicated in other cities in the Commonwealth and serve as an example for the nation,” said Kevin Andrews, chairman of the Boston Charter Alliance.

★ The Florida State Board of Education last month selected acclaimed education reformer Tony Bennett as the state’s new education commissioner.

Bennett wasted no time establishing his school choice credentials. Minutes after saying he was “humbled and honored” by the appointment, he told a press gathering, “I am an unabashed advocate for school choice.”

He called himself “a public school guy,” having attended public schools, sending his children to public schools, serving as a superintendent of public schools, and having a daughter who teaches in a public school.

Then why does he support school choice? “First and foremost, it’s about social justice,” he said. “I believe every parent in the state of Indiana should have the same choice I had because I could afford it. And that’s social justice. Every child should be able to live the American dream the way the Bennett children lived the American dream.”

His second reason for choice? “We’ve seen in Indiana that competition does improve education. I get numerous emails from superintendents who now tell me, we didn’t necessarily like the idea of choice, until we saw two things: how it helped us and how it made our schools better.”

★ The horrifying ending to the lives of innocent children in Connecticut last month has everyone searching for ways

to make sense of the senseless and bear the unbearable.

The U.S. Department of Education has compiled a collection of resources to help school communities across the nation respond to the crisis and to help school children cope with the trauma. Links to those documents and other resources are available at www.capenet.org/new.html.

Our thoughts and prayers go out to the families, students, and staff at Sandy Hook Elementary School as well as to the wider community of Newtown in this time of unspeakable grief.

