



A Statement of the ALC Church Council, 1983

TAX CREDITS FOR PRIVATE SCHOOL TUITION PAYMENTS

Adopted by the Church Council of The American Lutheran Church, 28 June 1983, as a statement of comment and counsel addressed to the members of congregations of The ALC to aid them in their decision and action.

1. Societal discussion of provision for primary and secondary education in the United States is currently enjoying the stimulus of debate over the wisdom of federal tax credits for private-school tuition payments. The tax-credit debate helps to focus national attention on a broader question: How shall a pluralistic society provide for educational choice?
2. Underlying the arguments of supporters and opponents are fundamentally different views of the place of private (including church-related) elementary and secondary schools in our society and their proper relationship with government. The conceptual gap separates those who view private (including religious) schools as a positive social good, to be *encouraged* by government, from those who view them as institutions allowed under our laws, to be *tolerated* by government.
3. The American Lutheran Church has generally supported a strong public school system and has expressed unease about public policies that would weaken the ability of the public schools to remain viable. (See *Christian Concern for General Education*, a statement adopted by the Seventh General Convention, October 12, 1974.)
4. Simultaneously, The American Lutheran Church has recognized the need for strong private schools in American society. Members of the ALC today continue a tradition of some 170 years of support for church-

related education at elementary, secondary, and college levels. In many settings today, church schools not only offer quality educational opportunity to communities, they also serve as premier vehicles for reaching unchurched families with the witness of the Gospel.

5. The American Lutheran Church enters the discussion of tuition tax credits from a stance of strong support for both public schools and alternatives to a public system, and from a practice of long-standing institutional commitment to church-sponsored education. It continues to endorse policies which would contribute to greater educational choice for all Americans, while also maintaining a strong public system. How would a tuition-tax-credit provision to federal taxpayers relate to both goals?

6. Among the arguments for tuition tax credits, these are primary:

- a. Freedom of educational choice for families would be enhanced.
- b. The burden of "double taxation" imposed on families with children in private schools would be reduced.
- c. Some of the burden on taxpayers for provision of public-school education would be removed, to the extent that more families would utilize private school opportunities.
- d. The quality of American education overall would be enhanced, because a healthy competition between public and private education would be encouraged.

7. Opponents of tuition tax credits advance these arguments:

- a. The trend toward draining students from public schools—especially "creaming" those better qualified—would be accelerated.
- b. The First Amendment prohibition of government establishment of religion would be challenged, since the effect would be to strengthen religious education institutions. Tuition tax credits could also lead to improper entanglement of church and state, since federal regulations must accompany federal benefits.
- c. Federal education benefits would be skewed toward families using private schools.
- d. Unacceptable loss of federal revenues (up to \$1 billion a year in uncollected taxes) would result, in the process creating another entitlement program benefiting mainly the middle and upper-middle classes.

8. We believe that, in principle, tuition-tax-credit legislation could be drawn in ways which maximize the advantages and minimize the problems. For instance, legislation could include a provision to make the credit also available as a direct payment to those families too poor to pay enough federal taxes to gain the credit directly. Further, the cut-off level family income could be kept moderate, so that upper-income families are not eligible. We do not oppose the principle of tax credits for private school tuition, therefore, if the legislation is drawn in ways which minimize the skewing of benefits.

9. We do have serious reservations about the Administration's bill in the form introduced by Senate Finance Chairman Robert Dole (S.528). The bill would provide a tax credit for one-half of tuition payments, to a maximum per student of \$300 when fully in force (1985). The credit would phase out gradually for families with incomes over \$40,000; families with incomes above \$60,000 would be ineligible. It would not be available to families paying too little in federal income tax to be able to subtract it from their payment. For the past two years The American Lutheran Church has consistently questioned budget priorities which leave intact programs benefiting primarily upper- and middle-income persons while reducing programs that benefit the poor. Legislation such as S.528 would not benefit the poor nor extend their range of educational choice, while offering additional federal benefits to middle and upper-income families.

10. In summary:

- a. We continue to see a need for a strong public school system and are uneasy about any governmental policies which would weaken the viability of public elementary and secondary education in the United States.
- b. We do not in principle oppose tuition tax credits or other measures for expanding the range of educational choice to American families.
- c. We do oppose Senate Bill 528 for the reasons stated.
- d. We question any tuition-tax-credit program which would continue the current trend in federal budget priorities toward shifting benefits away from the poor and to upper- and middle-income persons.
- e. We encourage the members of our congregations to participate in the societal debate on educational quality and educational choices, and to join in the search for the soundest policies toward those goals.



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