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TAX RELIEF FROM SKYROCKETING COSTS OF EDUCATION

HON. ROBERT P. GRIFFIN

OF MICHIGAN

IN THE SENATE OF THE UNITED STATES

Thursday, March 23, 1978

Mr. GRIFFIN. Mr. President, earlier I spoke on the Senate floor to commend our colleagues on the Finance Committee for their approval of a tuition tax credit bill (S. 3946)—despite the rigid, formidable opposition of the Carter administration.

As a longstanding supporter of tuition tax credits—and as a cosponsor of the two major tuition tax credit bills introduced this session—I know that the Finance Committee's favorable report is good news for many Americans who are struggling desperately to find a way to meet the increasingly heavy burden of financing educational expenses.

For example, the Finance Committee's bill, in the first year of its enactment, would allow a tax credit of 50 percent of tuition costs up to $250—per student—for full-time vocational and college undergraduate tuition payments.

Unfortunately, the Carter administration—following closely on the heels of the Finance Committee's action—is now redoubling its efforts to scuttle this sorely needed measure of tax relief from the skyrocketing costs of education.

As an alternative to the tuition tax credit bill, the administration is now pressing for its own legislation which would expand existing college grant and loan programs. Indeed, such an administration bill has been hurriedly reported out of the Committee on Human Resources after only 2 weeks of consideration.

As one of the original architects of a major college student program—the National Defense Student Loan program (NDSL)—I would be the last person to quarrel with the need to make student loans available to more people. But I find it rather curious that President Carter is now—suddenly—pushing grants and loans, to the exclusion of tuition tax credits, as the one and only panacea to alleviate the college financing burden.

President Carter's new-found enthusiasm for student grants and loans is particularly puzzling when we recall that, only a year ago, the administration proposed to eliminate the direct student loan program altogether. Some of us, in fact, had to fight very hard to have funds for direct student loans reinstated in the budget. Now, the administration seeks to have us believe that student grants and loans are the only way to go. The strong impression is left that President Carter would veto the tuition tax credit bill.

It is interesting to note that, in a private memorandum dated February 8, HEW Secretary Joseph Califano advised the President that in order to "counter

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congressional proposals for tuition tax credits," the administration "must move quickly * * * to seize the initiative on this very hot issue."

In my judgment, however, the issue in this debate is not whether either grants and loans or tuition tax credits are the one-and-only best solution for helping families provide quality education for their children.

The issue in this debate is simply this: Under existing programs, if you are poor, you can qualify for grants and loans and get help with education costs; and, if you are rich, your kids can have a quality education if they want it, because you can afford it. But, if you are part of the vast middle class—particularly if you have several children—you are stuck between a rock and a hard place. You are left entirely to your own resources—and your own resources in all likelihood will not be enough.

It may well be that Congress should consider expanding current grant and loan programs. But this should not preclude Congress from also moving now to provide relief for middle income Americans through tuition tax credits. Both approaches have their place, and both are needed.

The tuition tax credit legislation now pending before the Senate has much to commend it:

The bill is designed to provide tuition tax credit relief from education costs at all levels. If we are going to ease the financial crunch for the middle class, the education options ought not be limited to undergraduate college studies.

Tuition tax credits are the most simple, efficient and direct means of providing prompt relief. Eligibility can be declared on one or two lines of the income tax form. Students and parents would not have to fill out reams of HEW applications.

Tuition tax credits would not create collection and default problems. As recent reports indicate, default rates under the student loan programs have risen alarmingly in the past decade, and Government collection procedures to date have proven to be both ineffective and expensive.

Finally—and perhaps most praiseworthy of all—tuition tax credits offer ease of administration without expanding an already swollen and intrusive bureaucracy.

Tuition tax credits is an idea that has a tremendous amount of popular support. People representing groups from all parts of the country came to Washington to testify in support of tuition tax credits when the Finance Committee held hearings in January. But, perhaps the one group to whom this legislation is most vital is the students themselves. Enactment of this legislation would open the door of opportunity for many who otherwise find it closed.

To illustrate student support for the tuition tax credit concept, I ask that testimony before the Finance Committee by Kent L. Barry, president of the Associated Students of Michigan State University—one of the largest student government organizations in the country—be printed in the RECORD at the conclusion of my remarks.

I strongly support—and will vote for—the tuition tax credit bill. I believe the President's loan and grant program should be examined independently and on its own merits. But it should not stand in the way of the tuition tax credit bill.

The testimony follows:

STATEMENT OF MR. KENT L. BARRY

Mr. Chairman, honorable committee members, I am pleased to appear before you this morning in support of the Tuition Tax Credit Bill. Accompanying me today are Mr. Corey Binger and Mr. Michael McCandless; both members of my staff. Our testimony is representative of the major universities and colleges (public and private) in the state of Michigan, comprising a student population of over 350,000.

As President of the student body, at Michigan State University, I am well aware of the problems in attaining a place in the world of higher education. This awareness has been manifest throughout our student community and, as a result, has prompted the formation of a fact-finding task force whose job it has been to prepare a detailed analysis of the problems as we see them.

The value of our testimony, however, does not lie in the statistical and graphic analyses that our research has led us through; but rather, in the expression of the effects felt by the "average" Michigan college student in his or her attempts to deal with rising tuition costs.

The cost of tuition at Michigan State University, recently cited as one of the ten most expensive public institutions of higher learning, has risen by some 28 percent in the last two years.

Even with our own limited knowledge of the variegated factors which make up the entire economic picture, it is readily apparent that the increases are not in line with the growth of the economy as a whole; and this trend is certainly not unique to Michigan State University. We believe a tuition tax credit would provide a reasonable financial assistance to those families and/or individuals who would not otherwise be eligible for grants or scholarships. We have determined, through our research, that institutions throughout the country are suffering from a characteristically similar fate; to wit, they have seen a reduction in the numbers of students enrolled from economic backgrounds traditionally regarded as the middle class.

We strongly support financial assistance programs for lower income families, and we do not regard the support of Congress for a tuition tax credit as being in any way indicative of a diminution of support for the needy. Rather, we feel that such legislation will serve to guarantee that no person be denied a college education on economic grounds alone. This is a crucial point, and one which we cannot stress too strongly. There have been some who would urge that we turn our efforts in the direction of direct aid from the federal government for students in financial need. We believe that the tax credit for tuition would more properly address the problem by allowing taxpayers to keep more of their earnings, instead of waiting in line for federal "aid".

Enrollments are down at most of the colleges and universities in the state of Michigan and this is indicative of a national phenomenon. Part of this problem can be attributed directly to the fact that the "baby boom" years have reached their zenith. Another part of the problem can be traced directly to the rising costs of obtaining a college education. We believe that this second factor is one which should concern all Americans.

A tax credit for tuition would certainly go a long way toward giving further incentives for individuals to pursue their educational aspirations, without undue regard for the limitations imposed by economic barriers. Such incentives are especially significant in instances where an individual would be unable to attend college without the credit. Typically, these persons are to be found in the middle class, where they are regarded as too affluent for federal or state scholarship aid.

One of the most far-reaching and significant aspects of the proposed legislation is that this policy would encourage a freedom of choice. Senator Moynihan has correctly reminded us that "as the 'tuition gap' between public and private colleges has widened, the proportion of college students choosing private campuses has shrunk: from 50 percent in the 1950's to less than 25 percent today." The ever-expanding space between the cost of a private college and a school subsidized by the government, has meant that the freedom of choice and opportunity has been denied to many persons as to where they will pursue their educational ambitions.

As rising costs and decreasing enrollments force more and more private institutions to close their doors, the diversity of choice, and indeed freedom of choice is similarly reduced. Again, I would agree with Senator Moynihan's assessment that "diversity and pluralism are values too, and perhaps nowhere more valuable than in the experiences that our children have in their early years, when their beliefs and attitudes are formed, their minds awakened and their friendships formed . . . I do not believe it excessive to ask that they be embodied in our national policies for the betterment of American education." A society that wishes to remain forever free must concern itself with the proper development of its succeeding generation and allow them their own freedom of choice and will for the determination of their own future.

We believe that the tuition tax credit will help promote the kind of diversity and pluralism which have marked the United States

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for greatness. We sincerely think that it is essential for the individual to have such choices available in decisions of educational pursuits so that he is not relegated, by economic necessity to one alternative.

Mr. Chairman and honorable members of this committee, we are convinced that a situation approaches rapidly where only the very affluent and the very poor will be able to attend college, and we are convinced that action must be taken to ease the financial plight of the middle-income families.

In the words of the late distinguished Senator Humphrey, "a college education has become almost a necessity for children to have opportunities." As a representative of the student community in the state of Michigan, I see the tuition tax credit as an outstanding example of progressive legislation aimed at attaining a high level of excellence in education for many who would not otherwise be participants. The opportunities spoken of by Senator Humphrey can, in fact be realized; but not without your help. I respectfully urge your support for the Tuition Tax Credit Act.

Thank you for your time and patience.

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