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ABORTION

Event	Time	Place
President will address National Religious Broadcasters where he will condemn abortion and call for swift Congressional action.	Late January	To be determined
President will react to Supreme Court's decision in the five pending abortion cases.	Contingent	White House
Escorted by pro-life doctors' group, President visits California site where 17,000 aborted babies are stored. President makes strong extemporaneous statements at the site.	March	California
President addresses the Catholic Educational Association convention where he condemms abortion and calls for swift Congressional action.	April	District of Columbia
President holds a reception for the Catholic Hospital Association at the White House where he praises their accomplishments and their stand against abortion.	May	White House
President addresses the Knights of Columbus where he condemns abortion.	Summer	To be determined
President addresses Daughters of Isabella or Catholic Daughters of America.	Summer	To be determined
President hosts a reception honoring Mother Theresa where the theme will be the sanctity of human life.	Summer	White House

SCHOOL PRAYER

Event	Time	Place
President will address National Religious Broad-casters where he will tout school prayer.	Late January	To be deter-mined
President should transmit the proposed amendment to Congress at a White House ceremony for supporters.	First week in February	White House
President should announce through press release or at address to National Religious Broad-casters that he will start off Cabinet meetings with prayer, as President Eisenhower did.	Early February	White House
President should hold a news-covered meeting with Howard Baker and Congres-sional supporters of school prayer stressing his strong desire for a Senate vote ASAP.	Early March	White House
President should give a radio address on the subject of moral values in America in which he discusses school prayer.	Early April	White House
President should address Southern Baptists and mention school prayer in his speech.	Spring	To be deter-mined
President should sponsor a White House conference on prayer in schools.	Early Summer	White House
If the Senate passes School Prayer Amendment, President should give a major speech calling upon the House to follow suit.	Contingent (after Senate passage)	To be deter-mined

After the Supreme Court decision in the <u>Lubbock</u> case is announced, President should be prepared to react.	Contingent	White House

BANKRUPTCY COURT REFORM

Event	Time	Place
Reference to the need for legislation in the SOTU.	Late January	Congress
Message to the Hill stressing gravity of problem and willingness to work out solution.	Late January	White House
Press release or public statement praising Senate for passing bankruptcy legislation and calling upon the Speaker of the House to achieve passage.	Contingent (after Senate passage)	White House

No further Presidential events are appropriate. No media events or meetings with interest groups are needed.

Event	Time	Place
If House fails to act in a timely fashion, the President should escalate the pressure. The President should make an opening statement at a news conference stating that, while the court system is in disarray, the Democrats are playing politics. Strength of rhetoric to be dictated by circumstances.	Contingent (if House fails to act promptly)	White House

CRIME

Event	Time	Place
Meeting of CCLP to announce Administration's new omnibus crime bill	Mid-February	White House
Visit to one of the newly established offices of a regional drugs/organized crime task force	Optional	Optional
Meeting with members of soon-to-be established Organized Crime Commission	February, or whenever details are made final	White House
Ceremony honoring (a) heroic police officers, generally (b) federal officers who have made noteworthy contributions to the war on drugs and/or (c) families of slain police officers	Summer	White House
Meeting with victims of crime/families	Upon completion and review of Victims' Task Force Report--Feb. or March	White House
Major speech on crime (national TV)	Summer/Fall (contingent upon degree of con-gressional inaction)	(a) White House or locale with major crime problem
Meeting with business leaders to urge their support	Immediately following speech on crime	White House

CIVIL RIGHTS

Event	Time	Place
Meeting with Clarence Pendleton and soon-to-be appointed members of Civil Rights Commission	Either (a) upon nomination (probably February) or (b) upon confirmation (March/April)	White House
Meeting with Congressional leaders on Fair Housing legislation	Contingent upon congressional schedule - but probably late Winter	White House
Major speech on civil rights (national TV)	April	White House
Meeting with educators from inner-city schools (60% black school age population is in 5 cities)	To coincide with March education speech (which will propose vouchers for Title I)	White House
Meeting with Ruth Love, black superintendant of schools in Chicago	Just before or after major civil rights speech -- to get update on alternatives to busing	White House

REGULATORY REFORM

Event	Time	Place
Make videotape providing illustration of real life situations where removing federal regulatory impediments and relying on local voluntarism have improved a problem (e.g., revision of Social Security Act provisions to allow local groups to provide free heating to the elderly and poor.) The videotape would be made available to local chambers of commerce, etc., either through SBA or some other group (RNC).	February - April	To be determined
Invite Congressional regulatory reform leaders in for discussions in White House, including members of the Congressional Task Force on Regulatory Reform that recently issued a report on possible Congressional actions on regulatory reform.	February	White House
Invite small business leaders into White House for discussion on regulatory reform. This should be timed so that the President can announce a favorable resolution of an IRS issue -- Rule 385 -- that is of tremendous concern to small businessmen and venture capitalists.	February	White House
Have White House spokesman emphasize regulatory reform to governors at the NGA conference in Washington.	Late February	District of Columbia

In releasing the "State of Small Business Report", the President should point to the Administration's accomplishments in regulatory reform benefiting small business.	March	White House
President should make a speech to a local chamber of commerce, again drawing the connection between regulatory reform and small business. President could announce the implementation of the commitment he made last year to review every existing rule with a significant impact on small business within 5 years. President could also announce Administration policy to exempt small business from regulation to the maximum extent permitted by law.	March	To be determined
President should make a radio speech on regulatory reform. This would concentrate on regulatory reform as it benefits small businesses, state and local governments, and voluntary local efforts.	April	National radio
Transmittal message to Congress introducing legislation on regulatory reform.	April	White House
President should make remarks upon issuing final report from the Task Force on Regulatory Relief describing overall Administration accomplishments. Emphasize that enduring improvements have to be made through legislation. Press for enactment of Administration regulatory reform legislation.	Summer	White House

TUITION TAX CREDITS

Events for this initiative are also included in the list of events on our "Education Initiatives".

In addition to the educational initiative events, the following would be appropriate:

Event	Time	Place
At the time of transmitting the tuition tax credit proposal or shortly thereafter, the President should meet with supportive outside groups and invite Senator Dole and co-sponsors to this well-publicized event. The President should say to Dole, "I hope you'll help me get this bill through the Senate before April."	Early February	White House
President should tout tuition tax credits in his major address on education.	Late February	To be determined
President should visit a Jewish Orthodox school.	Early March	Brooklyn, New York
President should visit an inner-city Catholic school.	Early March	South Bronx, New York
President addresses Catholic Educational Association convention.	April	District of Columbia
President visits fundamentalist Christian school.	April	Fairfax, Virginia

SCHOOL PRAYER

Initiative

The President will re-propose a Constitutional Amendment to permit voluntary prayer in school.

The President will mention school prayer in the State of the Union.

Achieving Senate and House votes on this Amendment will be a high priority for our legislative agenda for 1983.

Theme

We care not only about the economic and military strength of America but also about its moral strength. The Constitution was never intended to prohibit voluntary school prayer. The President's proposal reaffirms the basic intent of the framers of the Constitution.

Plan

The President should mention school prayer in the State of the Union.

The President should transmit the Constitutional Amendment to Congress within days of the State of the Union.

Our goal should be to achieve a vote in the Senate at the earliest possible date.

There will be a number of legislative proposals introduced that would prohibit schools from discriminating against student religious clubs (i.e., Bible study groups must have same rights as chess club). These measures enjoy broader support than the Amendment. We should be prepared to back these measures as they arise.

Elements

1. State of the Union -- The Constitutional Amendment should be highlighted in the State of the Union address.

   ACTION: Speechwriters
Ed Harper   DEADLINE: Jan. 20, 1983

2. Transmittal of Legislation and Message -- The legislative package should be the same as the one proposed in the 97th Congress and should be transmitted soon after the State of the Union message.

   ACTION: Ken Duberstein　　　DEADLINE: Jan. 26, 1983
   Ed Harper

3. Major Media Events, Speeches, and Meetings with Major Constituency Groups -- Throughout the Spring, as we press for a Senate vote, events should be scheduled to keep attention focused on the issue.

   ACTION: Office of Public Liaison
   Ken Duberstein
   Ed Harper

ABORTION

Initiative

The President will not be proposing his own legislation on abortion. However, the President will move away from the posture that he adopted early last Congress -- namely, that he would act only when our supporters developed a proposal they could all agree on.

The President will take the position he recently took in his videotaped message to the right-to-life groups and in his letters to Congress on the Helms Anti-Abortion Amendment -- namely, that the time for Congress to act is now and that he will actively support any appropriate anti-abortion measure that comes up for a vote.

We will use quiet behind-the-scenes leadership to coordinate right-to-life initiatives with Hill supporters. We will aim to encourage, initially, small-scale initiatives that will garner majority support and give us a victory, such as cutoffs of remaining federal funding and bans on fetal experimentation. In the House we should be supportive of Cong. Hyde's efforts, and in the Senate we should encourage additional legislative leaders to assist Senator Helms by taking the point on some of these right-to-life measures.

REGULATORY REFORM

Initiative

The Administration will complete administrative efforts at deregulation.

The President will introduce major regulatory reform legislation in April 1983.

There is little support for the old regulatory reform bill proposed last Congress. We will develop new proposals for the 98th Congress over the next two months. There will probably be two legislative items -- one involving the review and reform of the various organic acts, the other involving reform of the administrative process and judicial review.

Theme

Our deregulation efforts to date are already benefitting the public. We have gone about as far as we can administratively. Fundamental legislation is essential to ensure that in the future the peoples elected representatives keep close control over the regulatory process.

Plan and Elements

In February and early March, the President should make 2 or 3 short trips around the nation to:

- o Visit sites where deregulation has had a positive impact;
- o Review the Administration's accomplishments in reducing regulatory and paperwork burdens on business and the public; and
- o Announce and promote support for Administration policies and legislative proposals in the regulatory area.

After these trips, the President should deliver a major, televised address in mid-March in which he:

- o Cites the benefits of deregulation that he observed during his trips;
- o Demonstrates the benefits of deregulation to the business community, academia, state and local government, private associations, and the public;
- o Indicates that he and his appointees have gone about as far as they can administratively to reduce the regulatory and paperwork burden.

- Points out that Congress now has the initiative, and the Administration is introducing or backing legislative proposals that would reform relevant organic acts and the administrative process. Legislation would be introduced early in April 1983.

ANTITRUST LEGISLATIVE PROPOSALS

Initiative

Reform of antitrust statutes to achieve greater harmony with the President's overall economic program.

Themes

Revisions would be directed toward the following:

-- increasing U.S. employment, productivity, and growth;

-- maintaining U.S. technological leadership and competitiveness abroad.

Plan

N.B.: the particular elements of a possible legislative package are now being worked on by the Antitrust Division. Premature disclosure of proposals in this area will jeopardize their chances of success on the Hill. During the next month, discreet soundings will be taken in Congress to assess our prospects. Detailed elements of a communications plan will have to await those events.

WORKING WOMEN

Initiative

Build a good record on issues of concern to women (e.g., economic and legal equity, child support and care, social security) and effectively communicate this record to women.

Theme

The Administration has genuine empathy for women's concerns and supports initiatives that will promote legal and economic equity.

Plan

Increase the number of Administration representatives speaking on women's issues and the frequency with which they address these issues. Develop a coordinated communications program, stressing a regional and grassroots network.

Elements

- o Intensive use of regional and local press on a regular basis.
- o Use of a speaking team to communicate Administration's record.
- o Concentration on selected women's groups.
- o Use of Cabinet Secretaries to speak to select audiences.
- o Close coordination with RNC.
- o Presidential events, including statements in the State of the Union; meetings with elected Republican women, women's groups, child welfare groups; attending National Convention of Republican Women.

STATEMENT ON CHILD SUPPORT FOR S.O.T.U.

The nation's poverty statistics, high divorce rate, and growing number of out-of-wedlock births attest to a significant new factor in American family life: the single-parent family, a woman and her children left to their own devices financially -- and often to the care of government. While the American people willingly extend help, especially to children in need, government has an obligation to ensure that, where possible, the financial responsibility is assumed first by parents, not the taxpayer.

As Governor of California, I established a child support enforcement program with this goal in mind. This California program served as the model for a federal program which was put into place in 1975. This national program seeks to reduce the cost of welfare and to foster family responsibility in place of dependence on the welfare system. Last year, $1.8 billion in child support payments was collected from parents absent from their families due to divorce, separation, or out-of-wedlock birth.

While this result is impressive, much more can be, and needs to be, done. The means are available to improve the performance of state and local agencies administering the child support enforcement program and to strengthen assistance from the federal government. I will shortly be offering proposals aimed at making the program we have today even better.

By concerted action and appropriate incentives, we will further lighten the burden on the taxpayer of supporting children financially deserted by parents able, but unwilling, to meet their family responsibility. Every child -- whether in a single-parent family or a more traditional household -- has a right to care and support from both parents.

A BILL

A bill to amend the Internal Revenue Code of 1954 to provide a Federal income tax credit for tuition.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. SHORT TITLE.

This Act may be cited as the "Educational Opportunity and Equity Act of 1983".

SECTION 2. CONGRESSIONAL FINDINGS AND PURPOSES.

(a) Findings. -- The Congress finds that it is the policy of the United States to foster educational opportunity, diversity, and choice for all Americans. Therefore, this Act recognizes that --

(1) pluralism is one of the great strengths of American society, diversity in education is an important contributor to that pluralism, and nonpublic schools play an indispensable role in making that diversity possible;

(2) the existence and availability of alternatives to public education tend to strengthen public education through competition and to improve the educational opportunities of all Americans;

(3) Americans should have equal opportunities to choose between the education offered by public schools and available in private educational systems and should not be compelled because of economic circumstances to accept education

provided by government-created and government-operated school systems, and to force such a selection is an unfair and unjust discrimination against persons of lesser means;

(4) increasing numbers of American families are unable to afford nonpublic school tuition in addition to the State and local taxes that go to support public schools, and tax relief for nonpublic school tuition expenses is necessary if American families are to continue to have a meaningful choice between public and private education at the elementary and secondary levels;

(5) tax relief in the form of tuition tax credits is the fairest way to extend a choice in education to a wide range of individuals, tax relief in the form of tuition tax credits creates the least possible danger of interference in the lives of individuals and families consistent with achieving these ends, and tax relief in the form of tuition tax credits achieves these ends with a minimum of complexity so that those for whom the tax relief is intended will be able to understand and take advantage of it;

(6) the tax revenue loss occasioned by a tuition tax credit for a child would be small compared to the cost to State and local taxpayers of educating the child at a public school;

(7) equality of educational opportunity is the policy of the United States, and the tax relief afforded by this legislation should not be used to promote racial discrimination.

The Congress finds that this Act will expand opportunities for personal liberty, diversity, and pluralism that constitute important strengths of education in America.

(b) Purpose. -- The primary purpose of this Act is to enhance equality of educational opportunity, diversity, and choice for Americans.

SECTION 3. CREDIT FOR TUITION EXPENSES.

(a) In General. -- Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting after section 44G the following new section:

"SECTION 44H. CREDIT FOR TUITION EXPENSES.

"(a) General Rule. -- At the election of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the qualified tuition expenses paid by such individual during the taxable year for any qualified dependent.

"(b) Limitations. --

"(1) Maximum dollar amount per qualified dependent. --

"(A) In general. -- The amount of the credit allowable to the taxpayer under subsection (a) with respect to any qualified dependent for any taxable year shall not exceed the applicable amount.

"(B) Applicable amount. -- For purposes of this paragraph, the term 'applicable amount' means the excess, if any, of --

"(i) $300, over

"(ii) 1.5 percent (3 percent in the case of a married individual who does not file a joint return) of the amount, if any, by which the adjusted gross income of the taxpayer for the taxable year exceeds $40,000 ($20,000 in the case of such married individual).

"(C) Transitional rule. -- For taxable years beginning after December 31, 1982, and before January 1, 1985, subparagraph (B) shall be applied --

"(i) in taxable years beginning in 1983, by substituting --

"(I) '$100' for '$300',

"(II) '0.5 percent' for '1.5 percent', and

"(III) '1 percent' for '3 percent', and

"(ii) in taxable years beginning in 1984, by substituting --

"(I) '$200' for '$300',

"(II) '1 percent' for '1.5 percent', and

"(III) '2 percent' for '3 percent'.

"(2) Credit not to exceed tax liability. -- The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation than this section, other than credits allowable by sections 31, 39, and 43.

"(c) Credit Denied for Amounts Paid to Racially Discriminatory Institutions. --

"(1) Declaratory judgment entered. --

"(A) In general. -- No credit shall be allowed under this section for any amount paid to an educational institution during any taxable year if --

"(i) within the calendar year ending with or within such taxable year or in any preceding calendar year --

"(I) a judgment has been entered by a district court of the United States under section 7408 (regardless of whether such judgment is appealed) declaring that such educational institution follows a racially discriminatory policy, or

"(II) an order by any United States Court of Appeals has been made which, by its terms, requires the district court to enter such a judgment, and

"(ii) no order described in section 7408(f)(2) with respect to such educational institution has been entered which is in effect for the calendar year ending with or within such taxable year.

"(B) Reversals of declaratory judgments or orders. --

"(i) In general. -- A judgment or order described in subparagraph (A)(i) entered in an action brought with respect to an educational institution shall not be taken into account under subparagraph (A) for any taxable year if, after all appeals in such action have been concluded or the time for filing such appeals has expired, the declaration contained in such judgment, or required to be entered under the terms of such order, that such institution has followed a racially discriminatory policy is negated (other than by reason of an order described in section 7408(f)(2)).

"(ii) Waiver of limitations. -- Notwithstanding section 6511(a) or any other period of limitation or lapse of time, a claim for credit or refund of overpayment of the tax imposed by this chapter which arises by reason of this subparagraph may be filed by any person at any time within the 1-year period beginning on the earlier of --

"(I) the date on which all appeals with respect to the judgment or order described in subparagraph (A)(i) have been concluded, or

"(II) the date on which the time for such appeals has expired.

Sections 6511(b) and 6514 shall not apply to any claim for credit or refund filed under this subparagraph within such 1-year period.

"(C) Stay of declaratory judgment. --

"(i) In general. -- Any judgment or order described in subparagraph (A)(i) shall not be taken into account under subparagraph (A) for any taxable year if such judgment or order is stayed as of the close of such taxable year.

"(ii) Removal of stay. -- If a stay entered against a judgment or order described in subparagraph (A)(i) is vacated --

"(I) this subparagraph shall not apply with respect to such judgment or order for any taxable year preceding the taxable year in which such stay is vacated, and

"(II) notwithstanding any other provision of this title or of any other law, the statutory period for the assessment of a deficiency attributable to the disallowance of any credit under this section by reason of this clause shall not expire before the date which is 3 years after the close of the calendar year in which such stay is removed.

"(D) Waiver of limitations if institution ceases to discriminate. -- Notwithstanding section 6511(a) or any other period of limitation or lapse of time, a claim for credit or refund of overpayment of the tax imposed by this chapter which arises by reason of a reversal of any order denying a motion under section 7408(f)(1)(A) may be filed by any person at any time within the 1-year period beginning on the date on which such reversal is made. Sections 6511(B) and 6514 shall not apply to any claim for credit or refund filed under this subparagraph within such 1-year period.

"(2) Required statements. --

"(A) Statements furnished by institutions to the Secretary. -- No credit shall be allowed under subsection

(a) for amounts paid to any educational institution during the taxable year if such educational institution has not filed with the Secretary (in such manner and form as the Secretary shall by regulation prescribe) within 30 days after the close of the calendar year ending with or within such taxable year a verified statement which --

"(i) declares that such institution has not followed a racially discriminatory policy during such calendar year;

"(ii) indicates whether --

"(I) a declaratory judgment or order described in paragraph (1)(A)(i) has been entered against such institution in an action brought under section 7408;

"(II) a stay against such judgment or order is in effect; and

"(III) an order described in section 7408(f)(2) is in effect; and

"(iii) attests that such institution has complied with the requirements of subsection (d)(3)(D) during such calendar year.

"(B) Statements furnished to taxpayers. -- Except as otherwise provided by regulations, within 30 days after the close of the calendar year to which the statement described in subparagraph (A) relates, the educational institution shall furnish a copy of such statement to all persons who paid tuition expenses to the institution in the calendar year to which such statement relates.

"(C) Statements furnished by taxpayers to the Secretary. -- No credit shall be allowed to a taxpayer under subsection (a) for amounts paid to an educational institution during the taxable year if the taxpayer does not attach to the return on which the taxpayer claims the credit the statement described in subparagraph (A) which is furnished by such institution for the calendar year ending with or within such taxable year of the taxpayer

"(3) Enforcement responsibility. -- The Attorney General shall have exclusive authority under this subsection to investigate and to determine whether an educational institution is following a racially discriminatory policy.

"(4) Racially discriminatory policy. -- For purposes of this subsection --

"(A) In general. -- An educational institution follows a racially discriminatory policy if such institution refuses, on the basis of race, to --

"(i) admit applicants as students;

"(ii) admit students to the rights, privileges, programs, and activities generally made available to students by the educational institution; or

"(iii) allow students to participate in its scholarship, loan, athletic, or other programs.

"(B) Quotas, etc. -- The term 'racially discriminatory policy' shall not include failure of any educational institution to pursue or achieve any racial quota, proportion, or representation in the student body.

"(C) Race. -- The term 'race' shall include color or national origin.

"(d) Definitions. -- For purposes of this section --

"(1) Qualified tuition expenses. -- The term 'qualified tuition expenses' means the excess of --

"(A) the amount of tuition expenses paid by the taxpayer during the taxable year to any eligible educational institution for any qualified dependent of such taxpayer, over

"(B) any scholarship or financial assistance paid during such taxable year to such qualified dependent or to the taxpayer with respect to such qualified dependent.

"(2) Qualified dependent. -- The term 'qualified dependent' means any individual --

"(A) who is a dependent of the taxpayer (other than an individual described in paragraph (4), (5), (7), or (8) of section 152(a)),

"(B) who has not attained 20 years of age at the close of the taxable year, and

"(C) with respect to whom a deduction under section 151 is allowable to the taxpayer for the taxable year.

"(3) Eligible educational institution. -- The term 'eligible educational institution' means an educational institution --

"(A) which provides a full-time program of elementary or secondary education;

"(B) which is a privately operated, not-for-profit, day or residential school;

"(C) which is exempt from taxation under section 501(a) as an organization described in section 501(c)(3), including church-operated schools to which subsections (a) and (b) of section 508 do not apply; and

"(D) which includes in any published by-laws, advertisements, admission application forms and other such published materials, a statement (in such form and manner as the Secretary may by regulations prescribe) that it does not discriminate against student applicants or students on the basis of race.

"(4) Tuition expenses. --

"(A) In general. -- The term 'tuition expenses' means tuition and fees paid for the full-time enrollment or attendance of a student at an educational institution, including required fees for courses.

"(B) Certain expenses excluded. -- The term 'tuition expenses' does not include any amount paid for --

"(i) books, supplies, and equipment for courses of instruction;

"(ii) meals, lodging, transportation, or personal living expenses;

"(iii) education below the first-grade level; or

"(iv) education above the twelfth-grade level.

"(5) Scholarship or financial assistance. -- The term 'scholarship or financial assistance' means --

"(A) a scholarship or fellowship grant (within the meaning of section 117(a)(1)) which is not includible in gross income under section 117;

"(B) an educational assistance allowance under chapter 32, 34, or 35 of title 38, United States Code; or

"(C) other financial assistance which --

"(i) is for educational expenses, or attributable to attendance at an educational institution, and "(ii) is exempt from income taxation by any law of the United States (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)).

"(e) Election. -- The election provided under subsection (a) shall be made at such time and in such manner as the Secretary shall by regulations prescribe.".

(b) Disclosure of Information to Attorney General. -- Subsection (h) of section 6103 of such Code (relating to disclosure to certain Federal officers and employees for tax administration purposes) is amended by adding at the end thereof the following new paragraph:

"(6) Certain investigations and proceedings regarding racially discriminatory policies. -- Upon the request of the Attorney General or the Secretary's own motion, the Secretary shall disclose any return or return information which is relevant to --

"(A) any investigation conducted by the Attorney General under section 44H(c) with regard to whether an educational institution is following a racially discriminatory policy (within the meaning of section 44H(c)(4)), or

"(B) any proceeding which may be brought under section 7408, to any officer or employee of the Department of Justice who is directly and personally involved in such investigation or in preparation for such a proceeding.".

(c) Conforming Amendment. --

"(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 44G the following:

"Sec. 44H. Tuition expenses.".

"(2) Section 6504 of such Code (relating to cross references with respect to periods of limitation) is amended by adding at the end thereof the following new paragraph:

"(12) For disallowance of tuition tax credits because of a declaratory judgment that a school follows a racially discriminatory policy, see section 44H(c).".

SECTION 4. DECLARATORY JUDGMENT PROCEEDING.

(a) In General. -- Subchapter A of chapter 76 of the Internal Revenue Code of 1954 (relating to judicial proceedings) is amended by redesignating section 7408 as section 7409 and by inserting after section 7407 the following new section:

"SEC. 7408. DECLARATORY JUDGMENT RELATING TO RACIALLY DISCRIMINATORY POLICIES OF SCHOOLS.

"(a) In General. -- Upon filing of an appropriate pleading by the Attorney General under subsection (b), the district court of the United States for the district in which an educational institution is located may make a declaration with respect to whether such institution follows a racially discriminatory policy. Any such declaration shall have the force and effect of a final judgment of the district court and shall be reviewable as such.

"(b) Filing of Pleading. --

"(1) In general. -- The Attorney General is authorized and directed to seek a declaratory judgment under subsection (a) against any educational institution upon --

"(A) receipt by the Attorney General within the previous 1-year period of any allegation of discrimination against such institution, and

"(B) a finding by the Attorney General of good cause.

"(2) Allegation of discrimination. -- For purposes of this section, the term 'allegation of discrimination' means an allegation made in writing by any person which alleges with specificity that --

"(A) a named educational institution has committed a racially discriminatory act against a named student applicant or student within one year preceding the date on which such allegation is made to the Attorney General, or

"(B) the educational institution made a communication, within one year preceding such date, expressing that the institution follows a racially discriminatory policy.

"(3) Notice of allegations of discrimination. -- Upon receipt of any allegation of discrimination made against an educational institution, the Attorney General shall promptly give written notice of such allegation to such institution.

"(4) Opportunity to comment. -- Before any action may be filed against an educational institution by the Attorney General under subsection (a), the Attorney General shall give the institution a fair opportunity to comment on all allegations made against it and to show that the alleged racially discriminatory policy does not exist or has been abandoned.

"(5) Availability of certain information to complainant. --

"(A) In general. -- If an allegation of discrimination against an educational institution is made to the Attorney General and the Attorney General --

"(i) declines to bring an action under subsection (a) against such institution, or

"(ii) enters into a settlement agreement with such institution under subsection (d) before such an action is brought, the Attorney General shall make available to the person who made such allegation the information upon which the Attorney General based the decision not to bring such an action or to enter into such settlement agreement. The Attorney General shall promptly give written notice to such person that such information is available for his inspection.

"(B) Privacy laws. -- Nothing in this paragraph shall be construed to authorize or require the Attorney General to disclose any information if such disclosure would violate any applicable State or Federal law relating to privacy.

"(c) Requirements for a Finding of Following a Racially Discriminatory Policy. -- A district court may declare that an educational institution follows a racially discriminatory policy in an action brought under subsection (a) only if the Attorney General establishes in such action that --

"(1) the institution has, pursuant to such policy, committed a racially discriminatory act against a student applicant or student within the two years preceding commencement of such action;

"(2) the institution has, within the two years preceding commencement of such action, made a communication expressing that it follows a racially discriminatory policy against student applicants or students; or

"(3) the institution has engaged in a pattern of conduct intended to implement a racially discriminatory policy, and that some act in furtherance of this pattern of conduct was committed within two years preceding commencement of such action.

"(d) Settlements. --

"(1) In general. -- Prior to, and in lieu of, filing an action under subsection (a), the Attorney General may, at his discretion, enter into a settlement agreement with the educational institution against which an allegation of discrimination has been made if the Attorney General finds that the institution has been acting in good faith and has abandoned its racially discriminatory policy.

"(2) Violation of settlement agreement. -- If the Attorney General has entered into a settlement agreement with an educational institution under paragraph (1) and the Attorney General finds that such institution is in violation of such agreement, the Attorney General may --

"(A) notwithstanding subsection (b)(1)(A), bring an action under subsection (a) without having received any allegation of discrimination against such institution, or

"(B) bring an action to enforce the terms of such agreement.

"(3) Copy of settlement agreement to complainant. -- The Attorney General shall give a copy of any settlement agreement which is entered into with any educational institution under paragraph (1) to any person from whom the Attorney General has received an allegation of discrimination against such institution.

"(e) Retention of Jurisdiction. -- Any district court which makes a declaration under subsection (a) that an educational institution follows a racially discriminatory policy shall retain jurisdiction of such case.

"(f) Discontinuance of Racially Discriminatory Policy. --

"(1) Motion. --

"(A) In general. -- At any time after the date which is 1 year after the date on which a judgment is entered in an action brought under subsection (a) declaring that an educational institution follows a racially discriminatory policy, such institution may file with the district court a motion to modify such judgment to include a declaration that such institution no longer follows a racially discriminatory policy.

"(B) Affidavits. -- Any motion filed under subparagraph (A) shall contain affidavits --

"(i) describing with specificity the ways in which the educational institution has abandoned its previous racially discriminatory policy;

"(ii) describing with specificity the ways in which such institution has taken reasonable steps to communicate its policy of nondiscrimination to students, to faculty, to school administrators, and to the public in the area it serves;

"(iii) averring that such institution has not, during the preceding year --

"(I) committed a racially discriminatory act against a student applicant or student pursuant to a racially discriminatory policy,

"(II) made a communication expressing that it follows a racially discriminatory policy against student applicants or students; or

"(III) engaged in a pattern of conduct intended to implement a racially discriminatory policy, and committed some act in furtherance of this pattern of conduct; and

"(iv) averring that such institution has complied with the requirements of section 44H(d)(3)(D).

"(2) Order. -- If a motion is made under paragraph (1), the district court shall issue an order modifying the judgment entered in the action to include a declaration that the educational institution no longer follows a racially discriminatory policy unless the Attorney General establishes that --

"(A) any affidavit provided by the institution under paragraph (1)(B) is false;

"(B) the institution has, during the preceding year, committed any act, made any communication, or engaged in any pattern of conduct described in paragraph (1)(B)(iii); or

"(C) the institution has not, in fact, complied with the requirements of clauses (ii) and (iv) of paragraph (1)(B).

"(3) Appeal of orders. -- Any order of the district court granting or denying a motion made under paragraph (1) shall be reviewable.

"(g) Attorneys' Fees. -- If an educational institution prevails in an action under this section, the court may award the institution costs and reasonable attorneys' fees in such action.

"(h) Definitions. -- For purposes of this section --

"(1) Racially discriminatory policy. -- The term 'racially discriminatory policy' has the meaning given to such term by section 44H(c)(4).

"(2) Racially discriminatory act. --

"(A) In general. -- An educational institution commits a racially discriminatory act if such institution refuses, on the basis of race, to --

"(i) admit any applicant as a student;

"(ii) admit any student to the rights, privileges, programs, and activities generally made available to students by the educational institution; or

"(iii) allow any student to participate in its scholarship, loan, athletic, or other programs.

"(B) Quotas, etc. -- The term 'racially discriminatory act' shall not include the failure of such institution to pursue or achieve any racial quota, proportion, or representation in the student body.

"(C) Race. -- The term 'race' shall include color or national origin.

"(i) Report. -- Within 90 days of the close of each calendar year, the Attorney General shall submit a report to the Congress concerning the disposition during such calendar year of --

"(1) any allegations of discrimination received by the Attorney General, and

"(2) any actions brought under this section.".

(b) Conforming Amendments. --

(1) The table of sections for subchapter A of chapter 76 of such Code (relating to civil actions by the United States)

is amended by striking out the item relating to section 7408 and inserting in lieu thereof:

"Sec. 7408. Declaratory judgment relating to racially discriminatory policies of schools.

"Sec. 7409. Cross references.".

(2) Section 2201 of title 28, United States Code (relating to creation of declaratory judgment remedy) is amended by striking out "section 7428" and inserting in lieu thereof "section 7408 or 7428".

SECTION 5. TAX CREDITS ARE NOT FEDERAL FINANCIAL ASSISTANCE.

Tax credits claimed under section 44H of the Internal Revenue Code of 1954 shall not constitute Federal financial assistance to educational institutions or to the recipients of such credits.

SECTION 6. EFFECTIVE DATE; SPECIAL RULE.

(a) Certification Required. -- The amendments made by this Act shall not take effect until the Attorney General certifies to the Secretary of the Treasury that, pursuant to --

(1) an Act of Congress which has been enacted, or

(2) a final decision of the United States Supreme Court, the Internal Revenue Code of 1954 prohibits the granting of tax exemption under section 501(a) by reason of section 501(c)(3) to private educational institutions maintaining a racially discriminatory policy or practice as to students.

(b) Application When Certification is Made. --

(1) In general. -- If the certification described in subsection (a) is made to the Secretary of the Treasury --

(A) except as provided in paragraph (2), the amendments made by section 3 shall apply with respect to expenditures made after the date on which such certification is made to the Secretary of the Treasury in taxable years beginning after December 31, 1982, and ending after such date, and

(B) the amendments made by section 4 shall take effect on the date on which such certification is made to the Secretary of the Treasury.

(2) No application before July 31, 1983. -- In no event shall the amendments made by section 3 apply with respect to expenditures made before August 1, 1983.

(c) Estimated Income Tax and Wage Withholding. --

(1) Estimated income tax. -- Any credit allowable to any taxpayer under section 44H of the Internal Revenue Code of 1954 shall not be taken into account under section 6015(d) in determining the estimated tax of such taxpayer for any taxable year beginning before January 1, 1984.

(2) Wage withholding. -- Any credit allowable under section 44H of such Code shall not be taken into account in determining the number of withholding exemptions to which any taxpayer is entitled under section 3402 of such Code with respect to remuneration paid before January 1, 1984.

DRAFT

Letter to the President of the Senate and the Speaker of the House Transmitting Proposed Legislation.

Dear Mr. President: (Mr. Speaker:)

I am herewith transmitting to the Senate (House of Representatives) proposed legislation entitled "The Educational Opportunity and Equity Act of 1983." This bill would provide for increased diversity in educational opportunity by providing tax relief for parents who choose to send their children to nonpublic schools. Substantially the same bill was favorably reported by the Senate Finance Committee late in the 97th Congress. I call upon the 98th Congress to give enactment of this legislation the highest priority.

Diversity in educational opportunity has been one of the great strengths of our nation. It is a foundation of our pluralistic society and essential to a nation which places a high value on individual freedom.

We are justly proud of our public schools, which now offer a free education through the primary and secondary school levels to all American children willing to take advantage of it. At the same time, we must remember the important role that has been played since the beginning of our nation by the diverse nonpublic schools which also offer an education to American children. Now, as they did prior to the establishment of our public school system, parents cherish their ability to choose from a wide range of educational opportunities for their children. It is of great importance to the continued vitality of our society that parents have a meaningful choice between public education and the many forms of private education that are available.

It is also important that there be innovation and experimentation in education. The existence of many private, as well as public, schools assures that new and possibly more effective teaching approaches will not go untested. It is also important that the differing needs and demands of students and their parents be met. Parents who, for whatever reason, are not satisfied by the education available in their local public schools should be able to seek an education better suited to their children elsewhere. Furthermore, the existence of a viable private alternative should maintain educational standards and meet student needs.

As we are all aware, the cost of education, both public and private, has risen dramatically in recent years. We all bear the burden of the rising costs of public education through state and local taxation, directly or indirectly. But those parents who wish their children to attend nonpublic schools must also bear the additional burden of paying private school tuition. This additional cost has always severely limited the ability of lower-income families to choose the nonpublic educational alternative for their children. Rising costs are now putting private schools beyond the reach of a growing number of middle-income Americans as well. If we are to provide a meaningful choice for those for whom it is in danger of becoming an illusion, we must find a way to lighten the "double burden" these families bear.

We must also bear in mind that private schools do more than offer alternative educational choices to students and their parents. Nonpublic schools also carry a significant part of the burden of providing primary and secondary school education in this country. If it becomes financially impossible for many of the families now sending their children to nonpublic schools to continue to do so, the resulting increase in public school attendance will place large and unwelcome new tax burdens on state and local taxpayers. The cost to taxpayers of offering some tax relief to parents, so that they can afford to keep their children in the private schools of their choice, is modest compared to the cost of educating their children in the public schools.

Thus, in order to promote diversity in education and the freedom of individuals to take advantage of it, and to nurture the pluralism in American society which this diversity fosters, I am transmitting to Congress today a draft bill which provides federal tax credits for the tuition expenses of children attending nonpublic primary or secondary schools. Starting in 1983, the Educational Opportunity and Equity Act of 1983, if enacted, would allow a tax credit for the tuition expenses of each student attending a private, nonprofit primary or secondary school. By 1985, when this new tuition tax credit would be fully phased in, a credit equal to 50% of tuition expenses paid during the year, but not to exceed $300, would be allowed for each student from a family with adjusted gross income of up to $40,000. The tax credit would be phased down for families with adjusted gross incomes between $40,000 and $60,000, and no credit would be available to families with income in excess of $60,000. Because the tax credit is designed to gradually phase out for those taxpayers making in excess of $40,000 a year, the proposal provides the greatest assistance to these lower- and middle-income taxpayers who are most severely affected by rising private school tuition expenses.

Today's proposal makes an important start by providing this relief where it is most necessary. I will be proposing other legislation in the near future to address the problem of financing higher education.

This Administration will not tolerate the use of tuition tax credits to foster racial discrimination. Consequently, the bill contains strong provisions to ensure that no credits will be permitted for amounts paid to schools that follow racially discriminatory policies. These provisions are identical to those that were adopted by the Senate Finance Committee last Fall with broad bipartisan support.

I ask that the Congress move as quickly as possible to enact this much needed legislation.

Sincerely,

Ronald Reagan