



UNITED STATES SENATE  
**REPUBLICAN  
POLICY COMMITTEE**

Larry E. Craig, Chairman  
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November 13, 1997

## Republicans Give Education Top Priority

From the introduction of S. 1, the [Safe and Affordable Schools Act](#) (the first bill introduced in the 105th Congress) to the passage of the [Taxpayer Relief Act of 1997](#), Senate Republicans have demonstrated their commitment to improving education.

S. 1, The Safe and Affordable Schools Act, introduced by Senator Paul Coverdell, served as the starting point for education reform efforts in the 105th Congress. A number of the key objectives set forth in the Coverdell bill have already become law.

### **S. 1 -- Key Objectives Enacted Into Law in Taxpayer Relief Act:**

**Education IRAs:** Allows parents to contribute up to \$500 per year, per child into an education IRA. The earnings are tax-free, as are withdrawals for qualified higher education expenses. The bill also allows for penalty-free withdrawals from retirement IRAs that are used for higher education expenses.

**State Prepaid Tuition Programs:** For parents who choose to invest in a State prepaid college tuition plan, the bill allows them to withdraw funds to pay for not only tuition but the costs of room and board as well.

**Employer Provided Education Assistance:** Extends for three years the exclusion (from an employee's taxable income) for employer-provided undergraduate education benefits. The exclusion is limited to \$5,250 of education assistance per employee per year.

**Deduction for Student Loan Interest:** Provides a \$2,500 above-the-line deduction for student loan interest paid in the first five years of repayment. The deduction is phased out for single taxpayers between \$40,000-\$55,000 and for couples between \$60,000-\$75,000.

### **S. 1 -- Help for Special Needs Kids Provided in Education Funding Bill**

**IDEA Funding:** There are roughly 5.5 million children in need of special education and other services for the disabled. In 1970, when Congress passed the Individuals with Disabilities Education Act (IDEA), it pledged to cover 40 percent of the costs to states and local school districts of providing for these children -- but that commitment was never met. In recent years, the Federal Government has provided less than 7 percent of the total cost (currently about \$45 billion per year) incurred by State education agencies and local school districts to provide for special needs kids.

S. 1 called upon Congress to finally make good on its promise to disabled students. Funding for special education for the 1998-99 school year has been increased 20 percent over the current year's funding level to \$4.8 billion, \$600 million more than President Clinton proposed. And, reflecting the funding levels proposed in S. 1, IDEA spending will continue to increase over the next six years (by an additional \$1 billion per year) until Congress has met its obligation.

## **S. 1-- School Safety Also Acted on in the Senate**

**Guaranteeing Safe Schools for Our Kids:** On May 23, 1997, the Senate adopted (51-49) a Coverdell amendment to the budget resolution that would allow Federal funds to be used by local school districts to cover the costs of relocating to a safer school students who are victims of violent crime. The Coverdell amendment, similar to language contained in S. 1, was subsequently dropped from the final budget compromise due to opposition from congressional democrats and the White House.