



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 12, 2002
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5193 – Back to School Tax Relief Act of 2002

(Rep. Schaffer (R) Colorado and 47 cosponsors)

The Administration supports House passage of H.R. 5193 as a means to reduce financial barriers to improving educational opportunities for children.

The Administration strongly supports the goal of improving educational opportunity for students enrolled in elementary and secondary schools. The Administration's Fiscal Year 2003 revenue proposals included a proposal to provide tax relief to parents of children who are enrolled in failing public schools.

Under the Administration's proposal, parents would receive a refundable tax credit for a portion of the costs paid to enable a child to transfer from the failing public school to a different public school that meets State-established educational standards or to a private school.

H.R. 5193 would similarly further the goal of increased educational opportunity by providing an above-the-line deduction for certain education expenses paid by lower-income Americans whose children are enrolled as elementary or secondary school students in a public, private, religious, or home school. Currently, these expenses generally are not tax-deductible to parents, although distributions from Coverdell education savings accounts to pay these expenses generally are tax-free. The Administration looks forward to working with Congress to ensure that any final bill meets the goal of improving educational opportunities for students, while at the same time, maintaining necessary fiscal discipline.

Pay-As-You-Go-Scoring

Any law that would reduce receipts or increase direct spending is subject to the PAYGO requirements of the Balanced Budget and Emergency Deficit Control Act (BEA) and could cause a sequester of mandatory programs in any fiscal year through 2006. The requirement to score PAYGO costs expires on September 30, 2002, and there are no discretionary caps beyond 2002. The Administration will work with Congress to ensure fiscal discipline consistent with the President's budget and a quick return to a balanced budget. The Administration will also work with Congress to ensure that any unintended sequester of spending does not occur.

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