

16 Letter to the Chairman of the Advisory Commission on Intergovernmental Relations About a School Finance Study. *January 20, 1972*

*Dear Bob:*

One of the greatest challenges this Nation faces today is the need to reform our system of financing public education which, as you know, primarily depends on local property taxes. The President's Commission on School Finance, which I appointed in 1970, will be transmitting its recommendations to me in March on the over-all directions in which we should be moving.

Any major shift in current reliance on local school property taxes is likely to have a significant effect on the relationships among the Federal government, the states, and local governments. In our discussion last week with Neil McElroy,<sup>1</sup> I requested the Advisory Commission on Intergovernmental Relations to undertake a study on this subject.

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<sup>1</sup> On January 13, 1972, the President and the Vice President met with Robert Merriam, Chairman, Advisory Commission on Intergovernmental Relations, Neil H. McElroy, Chairman, President's Commission on School Fi-

In particular, I would like the Commission to examine:

- (1) the impact on intergovernmental relations of a tax reform proposal which would replace residential school property taxes with a Federal value added tax;
- (2) whether a Federal value added tax is the best substitute for residential school property taxes;
- (3) if a value added tax is to be utilized as a substitute for residential school property taxes (a) what should be the size and nature of the base of expenditures subject to the tax, and (b) what should be the type of income tax credit or other method which is utilized to eliminate otherwise regressive aspects of the tax;

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nance, and Elliot L. Richardson, Secretary, and Sidney P. Marland, Jr., Commissioner of Education, Department of Health, Education, and Welfare, to discuss school finance recommendations.

- (4) the best method for providing renter relief under a proposal which replaces residential school property taxes; and
- (5) the best means of insuring, under a system of school finance in which the states have primary financing responsibility, that local school districts will be able to retain control of basic education decisions, including the provision of local programs of educational enrichment.

The problems are pressing, and I have asked you to complete such a study as

soon as possible, and to keep me advised in the interim as to the progress of your study. You will have the complete cooperation and assistance of the Vice President, Secretary Connally and Secretary Richardson, as well as of the Domestic Council.

I very much appreciate the willingness of the Commission to undertake this effort.

Sincerely,

**RICHARD NIXON**

[Mr. Robert Merriam, Chairman, Advisory Commission on Intergovernmental Relations, 726 Jackson Place, N.W., Washington, D.C.]