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A Capital Investment of Your Reading Time - Counterpoint: Introduction

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Counterpoint—

A Capital Investment of Your Reading Time

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In the Summer 1995 issue of *JLE*, student Mark Eblen proposed that qualifying students be allowed to obtain a tax deduction for the cost of their tuition for higher education. [1] More specifically, his proposal is that students whose parents have incomes of less than $100,000 per year be allowed to deduct ten percent of their tuition expense each year, with a bonus of an additional ten percent for the first year, by adding that amount to their standard deductions. [2] Using the analogy of businesses, which are allowed to deduct "ordinary and necessary" expenses, including the depreciation or amortization of physical assets and "start-up" costs, he argued that "tuition expenses, being the cost of producing increased future income, are an investment in human capital." [3] The benefit of encouraging higher education would not only be individual but also societal; he envisioned this tax deduction as increasing the overall educational level of the nation's workforce, leading to increased taxes, and enhancing the specific allocation of bright citizens in less financially less but societally more profitable careers, such as teaching and social work. [4]

In the accompanying Counterpoint, professor Matthew Melone praises Eblen for his goal but buries him for his "misguided" means to achieve it. Melone unravels Eblen's analysis at three interlocking levels: his underlying rationales, his use of existing provisions in the federal income tax law; and his reliance on Commerce Department data. Melone's informed insights about in-

1. Mark Eblen, *College Tuition Is an Ordinary and Necessary Expense*, 24 J.L. & EDUC. 504 (1995).

2. *Id.* at 504-06. He further suggested that the $100,000 limit be permitted for "large families," which he does not define more specifically, and that the amortization be accelerated, rather than straight-line. *Id.* at 504 and 506. Moreover, for students who are financially emancipated, he would have "the focus . . . be on the student's assets and on whether the student can attend college without financial aid." *Id.* at 507.

3. *Id.* at 505.

4. *Id.* at 510.

tellectual capital, in terms of the self-regenerative power of information and knowledge; his mastery of the relevant complexities of tax law, including pertinent court decisions; and his practical observations about the directional effects of the cited data speak for themselves.

In the light of President Clinton's rather nebulous recent proposal for a tax deduction for post-high school tuition, a careful reading of the specific details suggested by Eblen and of the cogent caveats provided by Melone makes for a timely investment of our own intellectual capital.