3. Educational exchange programs are generally reciprocal in nature and this is one area in which there are more visitors from abroad than there are U.S. citizens going abroad. There are, for instance, almost four times as many foreign students studying at U.S. colleges and universities as there are U.S. students studying at foreign institutions. The annual census published by the Institute of International Education reports 100,269 foreign students in U.S. institutions of higher education in the academic year 1966–67, and only 24,900 Americans at foreign universities in 1965–66. Since some of these arrangements are reciprocal, the curtailment of study abroad by American students would tend to have a negative effect on the increase in the number of foreign visitors coming to the United States.

4. It is germane to note that a higher percentage of students and teachers use U.S. carriers than other travelers, thereby making less of a dent in our foreign exchange credits. The council's office has estimated that over two-thirds of the American students who go abroad under the sponsorships of educational exchange organizations travel on U.S. carriers. This compares with an estimated 50 percent of general travelers who utilize U.S. airlines and shiplines.

5. Significant numbers of participants in educational programs are already receiving financial aid because of their limited ability to pay. For some students, therefore, the proposed taxes will need to be paid from scholarship funds. This will reduce scholarship or loan assistance to other needy students. The scholarship moneys may come from contributed funds (in the case of private organizations), from endowment funds (in the case of private colleges), or from public funds (in the case of State universities).

6. Significant numbers of students, teachers, and professors will be prevented from going abroad if proposals currently before the committee were to be enacted into law. In our judgment, the proposed taxes would force some students and teachers to cancel their trips when the combined cost of the transportation tax and foreign expenditures tax reached $50. On the basis of the data we now have, it appears the taxes would reach this level for about 50 percent of the students and teachers going abroad in educational programs sponsored by the council's membership.

PART II—RECOMMENDATIONS

I now turn to the recommendations which we should like to suggest to the committee for changes in the proposed taxation plan. For the most part these recommendations will pertain to the operation of educational exchange programs by U.S. colleges, universities and secondary schools and by nonprofit organizations of an educational or religious nature, and to the individuals who are enrolled in, and participating in, these programs. Some reference will be made, however, to the individual student, teacher, and professor traveling abroad quite independently of any group program. Many of these individuals are engaged in educational missions of importance equal to those who go abroad in organized groups.

It is our judgment that the taxes outlined in the proposal made by the Treasury Department fail to exempt many valuable overseas educational experiences for teachers and students from the restrictive effects of the proposed taxes.