

from the expenditures tax through affiliation with tax-exempt institutions. And, further, since most educational programs abroad operate with relatively low budgets, the dollars spent by institutions on behalf of their students are not likely to be of critical significance within the balance-of-payments situation. Thus, with little effect upon the deficit, academic institutions engaged in study-travel programs abroad could be excused from both the transportation tax and the tax on travel expenditures.

The amount of money over and above the institutional expenditures spent by students in Mount Hermon's study-travel courses is less than an average of \$2 per day for a 6 week program. Thus, even were students who are enrolled in tax exempt institutions not themselves granted greater exemptions than the other traveler on their personal expenditures—as opposed to expenditures made in their behalf by the institutions—no serious curtailment on their travel would result.

B. Effects of the proposed foreign expenditures tax on Mount Hermon School.

While the number of students enrolled in U.S. nonprofit secondary schools, colleges, universities and other educational institutions is small, and while the number of dollars spent on their behalf by those institutions is a relatively insignificant item in the overall travel deficit, a failure to exempt such institutions from the payment of travel taxes could have a drastic effect upon the students traveling abroad to study. This effect would be seen not only on the numbers of students who travel, but also on the economic strata from which they come. The rich would not be adversely affected. But the poor, and, especially, families in middle income brackets would be seriously hampered.

To assure that our summer school is available to public school students with talent and motivation regardless of their race or creed or color, and as far as our resources permit, without regard to their financial means, Mount Hermon provides considerable amounts of financial aid for our overseas course each year. For the coming summer a financial aid budget of \$15,000 has been set aside for Mount Hermon Abroad. Another \$35,000 has been made available for students in the other courses in our curriculum. These aid funds are supplied entirely from private sources.

Were the tax of foreign expenditures to apply to Mount Hermon School and similar institutions granting large amounts of financial aid, the results would be most unfortunate since funds for taxes would make on the budgets of these programs demands that could be met only through reducing financial aid. Let me demonstrate the amount of taxes that might be levied against Mount Hermon if present guidelines were followed.

The total amount that we expend abroad on behalf of each student is approximately \$20 per day. Therefore, the tax for each student participant in such a program lasting 42 days would be \$113.40. (42 days $\times$ \$7 equals \$294 exemption. 42 days $\times$ \$8 $\times$ 15 percent equals \$50.40 tax, 42 days $\times$ \$5 $\times$ 30 percent equals \$63 tax. \$50.40 plus \$63 equals \$113.40 tax). The total tax paid by Mount Hermon School for 125 students, the anticipated enrollment in the overseas courses for 1968, would be \$14,125. These overseas courses are not designed to