FROM POLICY TO LAW: THE UNDETERMINED PROGRESSION OF THE REPUBLICAN TAX POLICY REFORM

NOV. 16
U.S. House of Representatives pass version of H.R. 1 Tax Cuts and Jobs Act

DEC. 2
U.S. Senate passes version of H.R. 1 Tax Cuts and Jobs Act

TO BE DETERMINED
Reconciliation committee combines both documents

TO BE DETERMINED
Senate reviews reconciled document

TO BE DETERMINED
Representatives review reconciled document

IF PASSED

TO BE DETERMINED
President Trump will decide to sign the tax reform policy into law or veto it.

A BREAKDOWN OF POTENTIAL TUITION REMISSION COSTS

Before the House tax plan

According to the 2016 tax tables | Married filing jointly marital status

If the average married professor at Elon made **$82,000**** in taxable income, and ignoring other variables, that amount would be taxed for their dependent's tuition. This cost is with tuition remission.

$82,000 TAXABLE INCOME = **$12,049** FEDERAL TAX*

After the House tax plan

According to Elon News Network calculations | Married filing jointly marital status

If the average married professor made **$82,000**** in taxable income, and ignoring other variables, the tax policy reform would add the cost of their dependent's Elon tuition and fees, **$34,273**, to their taxable income. Which would then be federally taxed.

$82,000
AVERAGE TAXABLE INCOME

\+ $34,273
TUITION AND FEE COST

$116,273
NEW AVERAGE TAXABLE INCOME

=

1. The first $90,000 of the professor's $116,273 taxable income would be taxed 12%.

$90,000 · 12% = **$10,800**

2. The remaining $26,273 would be taxed 25%.

2a. 116,273 - $90,000 = $26,273

2b. $26,273 · 25% = **$6,568.25**

3. These two tax costs are added together for the professor's final federal taxes.

$10,800.00
\+ $6,568.25

$17,368.25
FEDERAL TAX

Terminating Private Activity Bonds

When private universities use bonds to pay for buildings, the interest they pay to their lenders would now be taxed. Elon's future construction would be more expensive since the university would have to pay a higher rate of interest to attract investors. This has the potential to disrupt the university's expansion plans.

PRIVATE ACTIVITY BONDS ARE an advantage this new tax reform policy has the potential to take away.

"Elon is a growing university and we have built a lot of facilities because of the benefit of having tax-free bonds," said Dan Anderson, vice president of university communications. "The termination of private activity bonds would have a limiting factor on our future growth."

If not for these private activity bonds, it is unlikely that Elon would have been able to expand as much as it has.

"Over the course of the last 10 years, if this house proposal was law the additional cost to Elon would have been about $60 million," Shea said. "That means we would not have been able to build many of the buildings that we have."

This potential cost may cause Elon to make difficult decisions in the future.

"Depending on the size of the bond offering, it could increase out financing costs in excess of $1 million annually," Shea said. "This would force us to make difficult choices concerning the implementation of Elon's strategic plans."

As an example, Shea said the last two private activity bonds issued to Elon were in the vicinity of $54 million. The elimination of these bonds would have led to an additional $60 million in taxable bond cost, making Elon's last two projects unaffordable.

"If you take the advantage of private activity bonds away, we would have to pay significantly higher interest rates, which would slow down our plans to expand," DeLoach said.

The construction of future housing residences, dining halls, academic buildings and sports stadiums would be dramatically slowed as the cost of building one of those structures may increase astronomically with the new tax reform policy.

Repealing Tuition Remission

The money Elon faculty and staff save with university benefits that waive their children's tuition and fees would be added to their income, which would then be taxed.

MANY FACULTY AND STAFF who have served Elon for several years can apply for this benefit titled tuition remission, which allows them to send their children to Elon without the cost of tuition.

Glenn Scott, associate professor of communications, is currently using tuition remission to afford his son's tuition at Elon.

"I don't think we would be here if not for tuition remission," Glenn said. "One of the reasons we decided to come to Elon was because of that value down the line. We recognized that we would like our son to be here someday — that kept us here."

Glenn has just started using tuition remission, as his son Kevin is a freshman finishing his first semester. The exact cost of how much the Scott family would have to pay if the tax reform policy was put into place is uncertain.

"We don't have lots of money, so it will hit us pretty hard," Glenn said. "It means probably for us anywhere from $4,500 to $6,500 in additional taxes."

The strain these additional taxes may put on his parents is what worries Kevin the most.

"My parents work incredibly hard in order for me to be at an institution like Elon," Kevin said. "It worries me that my mom — who already works many hours a week — would have to work even more ... Or my dad would have to end up taking more of a workload in order to compensate for the money we would be losing."

The Scotts are not the only family whose tuition remission has the possibility of being taxed by this new tax policy reform.

During the faculty meeting Shea presented in, he asked how many people in the room had sent a "dependables" through Elon and found that many in the audience had raised their hands.

"That benefit would no longer be tax exempt, it would be taxable," Shea said. "That would have a huge impact on our faculty and staff and our ability to recruit."

This is a problem many professors, even those who do not have a child enrolled in Elon can understand.

"If I had a child that was going to Elon, I would now be taxed on the value of Elon tuition that I didn't pay," Susan Anderson said. "That creates a problem because I didn't get that as income, but it is going to be treated as income and I may not have the cash to pay the tax."

Currently a married professor at Elon, makes the average salary of $82,000, according to Elon's 2015 990 forms in taxable income. If the professor was supporting one child through Elon he or she would pay $12,049 in federal tax according to the 2016 tax tables. If the current tax reform bill is passed, the professors federal tax would increase by $5,319.25, making their total $17,368.25.

The full extent of the potential effects this tax reform policy will have on Elon and higher education remains uncertain as both the U.S. House of Representatives and the U.S. Senate have yet to pass the reconciled versions of the tax reform policy.

"A small change in tax policy has the potential to change all aspects of society," Husser said. "Taxes in some ways are the greatest form of government power."

Republicans on campus want to remind the community of the Republican Party's intentions behind this bill.

"The intention of the Republican tax reform bill is to benefit all Americans," said senior Carson Steelman, chairman of the Elon College Republicans.

Senator Richard Burr celebrated the passing of the U.S. Senate's version of the tax reform policy on Dec. 2.

"This bill is an historic opportunity to reform a broken tax code that hasn't worked for the people of this country in years," said Burr in a press release on Dec. 2.

Representative Mark Walker reacted similarly after the House of Representatives passed the tax reform policy on Nov. 16.

"Today, we kept an important promise to the voters in delivering an overhaul of our broken tax code and bringing tax relief to millions of lower and middle income families," Walker said in Washington the day the tax reform was passed.

If this tax reform policy is passed, the effects of this well-intentioned bill could be felt as early as 2019. A reality Lambert hopes not to face.

"America's future depends on an educated citizenry, the people who are going to prosper and thrive in the 21st century are going to be the educated people," Lambert said. "It is in our national interest to encourage people to get more education, America's future depends on an educated citizenry."