TAXES WE HAVE ALWAYS WITH US

Mary Krutulus

(Mary Krutulus is a Reference Librarian, Government Publications Dept., IUB)

This article is a summary of a very interesting and enjoyable teleconference presented by the accounting firm of Peat, Marwick, Mitchell & Co. on the Tax Reform Act of 1986. The conference "appeared" on the IU-B campus November 5, 1986 through the courtesy and facilities of PBS and WTIU. The topic was of obvious interest to a reference librarian in the Government Publications Department where any assistance in background and/or interpretation of legislation appears as a kind of manna. I think it will also be of interest, both personally and professionally, to any reader of the Innendo.

Background

If tax reform seems never-ending to you, you’ve got an accurate picture of the situation. In fact, reform of tax laws and procedures is a cyclical process, initiated by legislators according to what they perceive as the current inclination of their constituents.

The current tax reform cycle began in 1981 with a policy stressing incentives for savings and growth. From this came Individual Retirement Accounts (IRAs) and similar programs designed to defer taxes at a lower rate. Between 1982 and 1984 the emphasis shifted to enhanced revenues and fiscal responsibility so that the spotlight was focused on how tax revenues were spent rather than on how they were acquired. This produced the move toward a balanced budget amendment and other budget reconciliation acts, the most publicized of which was the Gramm-Rudman-Hollings Act. In 1985 and 1986 the cycle of attitudes toward taxation reached a point diametrically opposite to where it was in 1981. The savings and growth plans which were the shining goals of the early 80s have become dreaded "loopholes" which must be eliminated in the cause of fairness. Ah, but fairness is an elusive quality. Is it best served by the tactics of tax purists who say we need only measure income accurately and tax it, or by the populists who wish to shift the tax burden from individuals to corporations? The 1986 Tax Reform Act is considered to be the result of an alliance between the purists and the populists—a revenue-neutral compromise. Revenue-neutral basically means that the government doesn’t lose money (does it ever?), but that the burden of generating the money will be shifted from the people.

At this point it seems appropriate to repeat the obvious but often-forgotten fact that taxes cannot be shifted from the people because it is people who pay taxes. Whether in the form of individual income taxes, reduced dividends, or increased consumer prices, all the money which goes into the government’s coffers comes out of citizens’ pockets—a useful thought to bear in mind should you start feeling overcome with gratitude toward the authors of tax reform!

One virtually certain result of the current redistribution of taxation will be lower total national savings. While statistics indicate that corporations save about seventy cents of every dollar of their after-tax profits, it will come as no surprise to most of us that individuals consume ninety-five cents of every dollar on which they manage to lay their hands! A hopeful note is that without tax breaks to consider, savings and investments may become more productive, that is, they may be undertaken for value’s sake rather than for their tax break qualifications. It is expected that

Continued on page 4 and 5
InULA PEOPLE: Miriam Bonham

Lois McCune

(Lois McCune is Assistant Head, Monographic Processing Services Department, IUB.)

Miriam Bonham is the new librarian serving as head of both the Optometry Library and the Medical Sciences Library. Although she is new to the position, Miriam is really no stranger to Bloomington or to the IU Libraries. She has lived in Bloomington since 1958, and she previously worked in the Swain Hall Library and in the Chemistry Library.

Before accepting her present appointment, Miriam worked in Indianapolis at the technical library of AT&T Consumer Products. Much of her time there was devoted to database searching, but she also did collection development. A popular service that she provided to her patrons was a current awareness bulletin which dealt with high technology processes and products such as CD-ROM, teletacsime, computers, etc. Miriam gathered material for the bulletin by scanning all of the incoming journals looking for articles on these and other topics in which the technical staff & management were known to have an interest.

Many people think that Miriam left her job at AT&T simply because she had tired of the drive. Actually, Miriam enjoyed the commute from Bloomington. The major reason for the switch in jobs really had more to do with job security (something most of us can understand) than with mileage. Because the AT&T Indianapolis location is undergoing a major down-sizing, reductions in space, budget, and personnel were made in the library. Although Miriam’s job was not scheduled for elimination, the long range security was questionable, especially since she was unwilling to relocate to another AT&T facility. When the Optometry/Medical Sciences position opened up, Miriam saw it as a good opportunity to get into a more secure job situation.

Miriam grew up in Memphis, Tennessee. She got her BS from the University of Alabama as a pre-med student majoring in Chemistry. Instead of becoming an MD, she worked as a chemical technician while taking advanced chemistry courses. At the urging of her teacher, she entered graduate school at Iowa State University.

Miriam met her husband in Iowa, and after their marriage and the completion of his Ph.D. in Chemistry, they moved to Bloomington. When her daughters were still very young, Miriam began to feel housebound so she took courses in library science over a period of four—five years. She received her MLS in 1966 and began to work part-time in the Chemistry Library in 1972.

When asked what she felt was the biggest problem in running two branch libraries at the same time, she answered, “Learning what to carry from one library to the other, especially my lunch.” In a more serious vein a problem she saw when she first started was that because there was just one staff person at each library, each was very tied down to the location. Miriam has worked toward more flexibility for the staff. A team building approach is being used, and an hourly student has been hired to work in both branches. Miriam is also looking at the procedures used in the other science branches; she plans to make some changes to bring more uniformity between Optometry/Medical Sciences and the other science branches since many of the same patrons use these libraries.

Serving two libraries presents a time problem. Rather than spending half of her time at one library and half at the other, Miriam feels that she spends one-third in Optometry, one-third in Medical Sciences and her last third at the Main Library attending meetings. Besides the many administrative meetings, Miriam attends the meetings of the LiRN Task Force and the Task Force on Employee-Supervisor Concerns of which she is a member. Being away from the branches so much of the time makes it difficult for Miriam to be accessible to the faculty and students. She would like to have more time to interact with faculty, to attend their seminars and learn the buzz words, and to discuss ideas.
A PLACE TO WORK? A PLACE TO GROW!

Lois Heiser

(Lois Heiser is head, Geology Library, IUB.)

I was asked to contribute a short piece about the early years of InULA. I am sure it is almost impossible for anyone beginning a career today to comprehend the atmosphere of the library at that time. Librarians were classed by the university at "other academics." This meant librarians held a 12-month position with the opportunity of TIAA/CREF, and an "almost-as-good-as tenure policy. (You could stay until you retired as long as you kept your nose clean.) At the start of the faculty status movement, librarians had no established policy for conference attendance (unless it was on vacation time), no travel funds, no sabbatical research leaves. There was no participation in library decision making or service on campus committees or councils. Individual raises or advancement were administrative decisions based on confidential input.

Why am I writing about faculty status when I should be telling you about InULA? There is no way to separate them. At the time of trying to discuss faculty status, the librarians discovered that they had no way of meeting collectively. They had no funds available to even investigate the concepts of status. Space, time, and even the copy machine within the library were not available for such use. InULA grew from the need of the librarians for planning, money and camaraderie. Perhaps the need to meet had never been felt before. Each librarian took his/her thoughts about the job home and within a circle of friends would throw darts at the picture of one's favorite administrator. (Ah, the true revolution of the 60s—dart boards and protest buttons.) In fact, the librarians were afraid of losing their jobs and congregated in large numbers to protect themselves.

InULA was the mechanism to form a unique group—The Librarians of Indiana University. It provided the nucleus to raise money and to meet for discussions of library matters. Naturally, the most important library matter was faculty status. Definitive position papers were required to formally take the status issue to the library administrators, the Bloomington Faculty Council, and the university administration. The librarians challenged each other for better ideas, more precise phrasing, better research of the issues, in order to meet the goals they had set for themselves.

The road to faculty status was not swift. In fact it was slow and frustrating. At each turn and every setback, librarians had to rely on each other to bolster and support. There was the need to re-write and present positions over and over. But there was also something else—the realization that InULA could do other things. It could celebrate National Library Week, for example. This was something the IU Library had never really done. Ask Ruth Beasley sometime about the first InULA book sale and the net profits. Discuss with Barbara Halporn the importance of the early issues of the InULA Scoop Sheet.

As the faculty status cause was reaching its conclusion, it was evident to librarians that the InULA contact was a vital part of their growth. They would be better librarians if they continued to teach each other and create situations through which librarians could come together and exchange ideas. It is interesting to note that the InULA constitution written in 1969 gave its purpose as "...to promote high professional standards, to promote excellence in library service, and to improve the status of librarians at Indiana University." In 1975, with faculty status, that constitutional purpose was amended to read "...to promote excellence in library service by providing opportunities for continuing education and professional growth."

The maturity of InULA is evident in its scholarship support, research grants, and meetings of interest to its expanded membership. It has never relinquished its purpose in providing a forum for librarians to express the thoughts and dreams of their profession.
—FOR SALE: 1 (one) keep your nose clean button—

InULA PEOPLE: continued

and concepts with them. She knows this would make her more visible and therefore more effective.

When asked what advice she would give to an undergraduate contemplating a career, Miriam answered that she doesn’t like the fad of going where the money is. The job market keeps changing, and there may be a glut in an area which looked good previously. Students should go into what interests them because people need to enjoy what they are doing.

It is apparent that Miriam enjoys her job and enjoys life. When she doesn’t have to do anything, she likes to read, ride her bicycle, swim, cook, and travel. She often accompanies her husband abroad. Her favorite country is Japan, where she lived for two years.
the total savings in the U.S., which is currently equal to 3.7% of the economy, will be decreased by the new tax bill, but that the overall effect on the economy will not be dramatic.

Corporations

Whether businesses experience a tax increase or decrease because of current tax reform depends on their individual situations. The corporate tax rate, 46% in 1986, will decrease to 39.95% in 1987 and to 34% in 1988. In spite of this rate decrease, the corporate tax rate will be higher than all individual tax rates for the first time. Because of changes in deductions, however, it is probable that most businesses will experience an increase in tax payments. In addition, corporate tax payments will become increasingly difficult to compute. For example, depreciation of facilities and equipment will have to be fit into one of six categories with depreciation periods ranging from 3 to 20 years. Investment tax credit has been repealed retroactive to January 1986, while research and experimental credit has been extended through 1988 although the rate has been decreased from 25% to 20%. Corporations may claim only 80% of meals and entertainment expenditures, although employees can expect 100% reimbursement from their employers. Banquets attended as part of meetings will remain fully deductible for the next two years, so attendance at these "official" meals will probably increase, at least temporarily. These are just a few examples of the complexity faced by corporate taxpayers. It doesn't seem likely that the accountants and tax attorneys will be hurting for business in the foreseeable future!

Individuals

Employee benefits are of concern to almost everyone, and this is one of the major areas where incentives have become loopholes. The tax benefits of IRAs are severely limited. The full $2000 amount originally tax free to all employed persons is now deductible only if the taxpayer or the taxpayer's spouse is not enrolled in an employer-sponsored retirement plan or if adjusted gross income before the IRA deduction is less than $40,000 on a joint return or $25,000 for an unmarried individual. The deduction is phased out between $40,000 and $50,000 if filing jointly and between $25,000 and $35,000 for an unmarried individual. Married couples filing separately are subject to eligibility rules independently based on each spouse's earnings and participation in other plans. The revisions actually discourage personal retirement planning, although the stated objectives of the tax reform laws, in addition to simplification, included increased coverage of rank and file employees by employer-sponsored plans and emphasis on retirement plans rather than capital accumulation plans within companies. For corporations the original carrot for attracting good higher level employees with excellent retirement benefits has been whittled away, and a stick which is almost a club mandates that any retirement plan in effect must cover a minimum of 50 people or 40% of the workforce. For many companies it becomes inconvenient, if not impossible, to offer a retirement plan of any sort. Peat, Marwick's panelists rated the tax reform's accomplishment of stated retirement plan objectives as follows: Broader Coverage, B−, since more people may be covered by each plan which continues to exist, but many plans will cease to exist; Emphasis on Retirement vs Capital Accumulation, C+, since tax-deferred retirement investment receives little encouragement; and Simplicity, F, since record keeping and reporting have become much more complex.

Major emphasis in the presentation was placed on the importance of personal planning. Tax reform, the panelists agreed, can be terrifying if you just let it happen to you. To look for the fairness and simplicity promised in the current tax reform is futile unless you are one of the six million people who will be removed from the tax rolls. An awareness of the provisions and planning to take advantage of them is a necessity.

The leading edge of the reform is the reduction in individual rates. The maximum current tax rate is 50%; this will decrease to 30.5% in 1987; and in 1988 there will be two rate levels of 15% and 28%. General planning emphasis should be placed on deferring income to later years, because although the portion of your income which you invest will be taxed now, any income you receive from the investment will not be taxed until you collect it.

Major changes are difficult to pinpoint since some of them are effective immediately while others will be phased in (or out) over the next several years. Informational tax publications will probably proliferate and will be high demand items for the 1987 tax year. Following are some general changes which were accurate in November, but with some congresspeople already advocating a delay in the decreased tax rate to help achieve a balanced budget (no one that I know of has yet advocated a delay in the loss of deductions), the importance of consulting official publications or tax experts cannot be overemphasized.

1. The floor for medical expenses has increased from 5% to 7.5%. This means that only those medical expenses which exceed 7.5% of your income may be claimed as an itemized deduction.
2. Sales tax will no longer be deductible in 1987.
3. State and local income taxes and real estate taxes will remain deductible.

4. Consumer and personal interest deductions will be phased out gradually so that 65% will be deductible in 1987, 40% in 1988, 20% in 1989 and 10% in 1990.

5. Home mortgage loan interest on first and second homes will continue to be deductible. This includes loans on cost of purchase and home improvements, and indicates that one of your best investments is your home. And, if possible, you should purchase a second! If you’ve been hankering after a place in a warmer (or colder, or snowier) climate, this tax law is conducive to your purchasing it now, provided, of course you can come up with the funds required. It is important to note that the contract price of a house is the base for figuring mortgage interest deductions. That is, if you purchase a $100,000 home using $50,000 realized from the sale of a previous home, you may figure your interest deduction on the full $100,000 contract price.

6. After age 65 up to $125,000 income is nontaxable if it results from the sale of your home.

7. The interest on home equity loans will be deductible if the proceeds are used for medical or educational purposes, or if the loan was in place before August 15, 1986.

Other changes include the repeal of income averaging provisions and a floor of 2% of adjusted gross income for miscellaneous itemized deductions which category ordinarily includes profession-related expenses such as conference costs, organization dues and publications.

For non-homeowners the tax law changes will have significant results. With the loss of deductions for interest on real estate loans for rental property and the complexity of depreciation deductions, fewer rental properties will be constructed. Rents will rise because of scarcity and also because landlords will seek higher profits from rental income to offset lost tax deductions.

Parents and grandparents will probably have a special interest in the “kiddy tax” as many investments formerly exempted under the Uniform Gift to Minors Act will now become taxable. Under the new tax law, unearned income over $1000 from any source paid to children under 14 will be taxed at their parents’ highest rate. Investment gifts to children, therefore, should be arranged to reach maturity after the recipient’s fourteenth birthday.

In Sum

According to its proponents this tax reform law should help to cut the federal deficit and so make our economy fiscally sound. In reality there are only three ways to eliminate the deficit: cut domestic spending, raise taxes, or cut defense spending. Contrary to much we read, defense spending actually has been cut to a point which could reduce the deficit by as much as $150 billion next year. If so, shuffling the deck of taxpayers and dealing the cards a little differently should claim no credit. The best we can hope for is that, without such severe pressure from the deficit, the tax structure will be left alone for awhile, giving all categories of taxpayers some respite from the constant changes in philosophy and policy to which we have been subjected by the cycle of tax reform.

EDITOR’S NOTE: Nels Gunderson (Business/ SPEA Library, IUB) maintains the Business/SPEA Library’s tax law collection. If you have any questions about the new tax law he may be able to help you identify the information you need. Call him at 335-1957.

NOTES FROM THE EDITOR

Emily Okada
(Emily Okada is Reference Services Coordinator, Undergraduate Library Services, IUB.)

In November, 1986 InULA was invited to send a representative to a teleconference on the new tax laws sponsored by PBS and WTIU. Mary Krutuls volunteered to attend and has written a summary of what she learned for the Innuendo—just in time for tax season and perhaps early enough in the current tax year to help us plan our tax saving strategy or convince us to consult a tax professional!

InULA seems to have reached a sort of middle age and is experiencing some growing pains. We thought it an appropriate time to look at where we came from (Lois Heiser’s article) and to ask questions about where we are going (Julie Bobay’s “Notes From InULA”).

Notice that there are no photos of librarians smiling out at you from the pages of this issue. In an effort to cut costs, we’ve eliminated photographs. Much to the delight/relief of most of the contributors, I might add! So, if your reason for not contributing an article or ideas for articles to the Innuendo has been the fear of photographers, there’s another excuse out the window. Contact me or any member of the publications committee.
Much has been written in the library literature regarding faculty status and promotion/tenure concerns in academic libraries. The following are brief reviews of three articles which discuss the issue.

In *Library Trends*, Spring 1984, Mary Jo Lynch considers the development and changes of the librarian's role in research. Four general types of research are discussed—practical, bibliographical, scholarly, and scientific—and Lynch points out that "scientific research clearly is a major factor" for faculty status. The article also outlines the growth of committees concerned with research in professional organizations, such as ALA, SLA, and ASIS.

Joyce Payne and Janet Wagner report on a quantitative survey of "Librarians, Publication, and Tenure" in the May 1984 issue of *College and Research Libraries*. In a questionnaire sent to 59 academic libraries with holdings ranging in size from one-half million to one million volumes, some interesting statistics resulted from the 49 responses received.

Concerning status, 59.2% reported full faculty status for those defendants, 16.3% reported "academic" status to librarians, 14.2% placed librarians in an "administrative position" status, and 10.2% reported "other" classifications. (The difference between faculty status and academic status was "the general inability of the academics to be promoted through faculty ranks."

Regarding tenure, 30 (61%) of the institutions stated that all librarians were eligible for tenure, and all libraries in that group except one had a written policy statement on tenure for librarians. Of these 30 institutions with tenure, 13 had tenure criteria that was the same as those for teaching faculty and 17 had different tenure criteria for librarians.

Forty-three libraries responded to the survey's question on publishing as criteria for tenure and/or promotion. Of these, 3 required publications, and 35 stated that publication was an "option." Responses from this group of 35 revealed that most offered some type of support for research and publication, but there was "quite a bit of variation in the extent and form of support within this group."

The authors conclude with a discussion on the kinds of support available to librarians, and note the need for time provided specifically for research since the overwhelming majority of librarians work on a calendar year (rather than academic)—"Time is the only resource usually unavailable to librarians, and it is essential if they must meet the same criteria as teaching faculty."

A year later, in the May 1985 issue of the same journal, W. Bede Mitchell and L. Stanislava Swieszkowski discuss the results of their survey on "Publication Requirements and Tenure Approval Rates." Their survey was sent to the directors of 147 U.S. academic libraries who were members of the Center for Research Libraries; 138 responded. In this survey, 36.2% stated their librarians had faculty status equivalent to the teaching faculty, 52.2% had an academic status separate or different from the teaching faculty, and 11.6% claimed a nonacademic professional status. Of those reporting, 27% had changed their status in the last ten years—16 institutions changed their librarians status to nontenure-track, 12 changed to tenure with no publication required, and 9 changed their tenure-track status to include publication. Overall, 58.7% of the institutions had tenure-track status for most or all of their librarians. Of this group 38 (46.9%) require evidence of research and publication before tenure and 42 (53.1%) institutions do not require publication.

The thrust of this survey was to prove the hypothesis that research and publication criteria are major obstacles to academic librarians seeking tenure. This was found as a valid hypothesis, but only for a small percentage of the librarians. At the 38 responding institutions where evidence of research and publication were required for tenure, 329 librarians were reviewed for tenure within the last five years; 61 of those librarians were denied tenure—35 of those 61 were denied tenure on the judgment of an inadequate research/publication record. Overall, however, the study revealed "a generally high tenure approval rate (81.5%) for academic librarians compared to the national average for other academic faculty (58%)."

There are other articles of interest on this topic of status, promotion, and tenure including reports of how various academic libraries have individually worked with their institutions to establish variations on faculty status, workable requirements for tenure-track positions, and positive support systems for research.

**Articles**


NOTES FROM InULA

Julie Bobay, President

Julie Bobay is Instruction Librarian, IUB.

I’ve heard it said that InULA is a “young professionals” organization for new librarians to share experience and gain experience. I’ve also heard it said that InULA is a forum for IU librarians to openly express opinions on topics that may be sensitive. People remind me that InULA played a major role in the winning of faculty status, and quite possibly is an organization which no longer has a purpose. Some say that it should provide a social outlet for IU librarians who do not always find other avenues for having “fun” with their colleagues.

So what is it? Librarians’ version of Yuppieedom? A radical, quasi-underground organization designed to spread ferment and discontent among IU librarians? A dead organization with no role to fill? Or just a party thrower?

I honestly don’t know the answers to those questions, and I suspect they are all partly true and partly false. I bring up the issue because I think it’s important; I feel that InULA really is at a crossroads in its development, and each board of which I’ve been a member has bumped into this question. It comes up in many guises: should we have a fun program (to which few people generally come); should we have an educational program (to which fewer people generally come); or should we have a controversial program (which generally draws the biggest crowd of all)? What should we do with our money? What should we write about in the Innuendo? What is our relationship with the IU Libraries? The answers to all these questions are based on unspoken, or at least unanimous, assumptions about what InULA should be, and they seem to change every year.

The Executive Board this year chose to focus on programming; sponsoring 3 stimulating programs, an auction that will fund the Research Incentive Fund, and a 1-day conference on writing skills; publishing five issues of the Innuendo; and running a roaring success of a booksale. Another goal of this year’s board is to return to the mandated calendar so that the officers can be elected, the budget set, and the committees named before the year is underway.

This is a very full agenda and the committees are working beautifully to accomplish them all. Perhaps the issue of InULA’s purpose is not as important as I think, and the organization is clearly fulfilling its stated purpose, “to promote excellence in library service and to provide opportunities for continuing education and professional growth.” Perhaps the fact that the past five InULA presidents were untenured members of the IUB libraries is as it should be, and perhaps the librarian’s comment when asked to run for office, “No, that’s for you younger librarians,” is true.

Sylvia Burbach, InULA member-at-large, is planning to survey other libraries to identify similar organizations, and may arrange a meeting at the ALA Annual Conference to discuss our activities and purposes. Perhaps we’ll learn some things from that discussion that will guide us as we try to set our agenda for the coming years.

If any of you (the InULA members) have thoughts on these issues, I’d love to hear them. You could send them to me, or better yet, send them to Emily Okada for publication in upcoming issues of the Innuendo. Wouldn’t it be great to get a dialogue going?

You may remember the two arson fires that caused millions of dollars of damage to the Los Angeles Public Central Library building and collections last year. A major fundraising effort is underway and sponsors hope to raise $10,000,000 by Dec. 1987. If you are interested in contributing to the effort by purchasing coffee mugs, posters, book bags, T-shirts, or “sporty caps,” write for a catalog (Save the Books, P.O. Box 71439, Los Angeles CA 90071) or take a look at the catalog Julie Bobay has in her office.
“GETTING ON TARGET”
A WRITING FOR PUBLICATION WORKSHOP
By Jana Bradley
Sponsored by InULA (Indiana University Librarians Association)
April 23, 1987
In the Georgian Room, IU Memorial Union

SCHEDULE

8:30 - 9:15  Registration (coffee and rolls provided)
9:15 – 9:30  Welcome
9:30 – 11:30 Morning session
11:30 – 1:00 Lunch (on your own)
1:00 – 3:00  Afternoon session
3:00 – 3:15  Break
3:15 – 5:15  Afternoon session
5:30 – 6:30  Wine & cheese (in the University Club of the IU Union)

Workshop limited to 125 persons.

REGISTRATION FORM

Name ________________________________________________

Address __________________________________________

Institution ________________________________________

Prepayment rates (accepted until April 20): InULA members $10, non-members $12, students $5.
Payment at door: InULA members $15, non-members $17, students $5.
Receipts upon request at workshop.
Make checks payable to: Indiana University Librarians Association.

Send checks to and ask for directions from:
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Cataloging Dept.
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Indiana University
Bloomington, IN 47405