NATIONAL EDUCATION ASSOCIATION
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Great Public Schools for Every Student

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Dear Senator:

On behalf of the three million members of the National Education Association (NEA), and the 50 million students they serve, **we urge you to Vote No** on the *Tax Cuts and Jobs Act*, a rewrite of the U.S. tax code being marked up this week. This multi-trillion dollar plan is a tax giveaway to the wealthiest and corporations paid for on the backs of working families and students, and jeopardizes the ability of states and local communities to adequately-fund public schools. Votes associated with this issue may be included in NEA's Legislative Report Card for the 115th Congress.

Tax plans reveal the priorities of a nation and in a number of respects this one tells working and middle-class families, students, and educators that they must sacrifice in order to further enrich the wealthy and corporations. We oppose the bill as currently crafted for several reasons outlined below.

A Giveaway to the Wealthy and Corporations sets up Drastic Cuts to Medicaid, Medicare, and Education
One analysis of the Joint Committee on Taxation's estimate shows that this bill is overwhelmingly skewed to the wealthy. Under the Senate GOP plan, 79 percent of the net tax cuts will go to businesses and the wealthiest estates. Further, in households earning less than $100,000 - 11 million households will be *taxed more* and 53 million households will see a tax change of less than $100.

For now, much of the tax cuts will be deficit-financed, but the budget resolution that helped pave the way for this plan previews the next phase: future legislation to cut the growing deficit caused by tax cuts by demanding cuts to critical services that help working people, children, seniors, and others – Medicaid, Medicare, education, and more.

Kansas provides a window into what this looks like. In 2012, the state's former governor pushed through similar massive tax cuts to individuals and businesses that allegedly would boost the economy. In reality, Kansas' job growth was anemic and the governor and legislature starved state services. Kansas cut funding for public schools, infrastructure, and other services, and scrambled to close a $350-million budget deficit. After voters spoke at the ballot box, lawmakers reversed course, raising taxes and overriding – in a bipartisan manner – the governor's veto. Rather than rushing forward with a partisan bill written in secret by one party, Congress would do well to heed the recent lesson from America's heartland.

Eliminating SALT Deduction is a Tax Increase and Could Devastate Education Funding
The bill would eliminate the state and local tax deduction (SALT) —taking money out of the pockets of as many 44 million middle-class families across the nation. While the bill hammers middle-class families on this, it oddly

preserves the ability of businesses to deduct state and local taxes – yet another example of how the bill takes from working families to provide tax giveaways to those who are wealthier.

Eliminating any part of the state and local tax deduction could lead to a tax increase on middle class families and have a negative, ripple effect on the ability of states and local communities to fund public services, like education. That could translate into cuts to public schools, lost jobs to educators, and overcrowded classrooms that deprive students of one-on-one attention.

NEA conducted a detailed analysis of the plan to eliminate the SALT deduction. **In total, education funding could take a $373 billion cut over the next 10 years and put up to 370,000 education jobs at risk.** It is no secret what is likely to follow if Congress eliminates SALT. If there is any doubt, one need only to listen to what far-right groups like ALEC are saying right now. Their letter about the SALT deduction lays out their plan—to lobby for lower taxes at the state and local level. This means even fewer available funds for students and public education.

Partial Repeal of the Affordable Care Act

We are deeply concerned that Chairman Hatch's (R-UT) modified mark contains an effective partial repeal of the Affordable Care Act (ACA) by eliminating the individual mandate. We strongly support the ACA which has increased health care coverage in every demographic group resulting in an all-time low rate of uninsured people and expanded coverage for low-income children and families. A new Congressional Budget Office report shows that repealing the individual mandate would leave 13 million Americans uninsured and result in drastic spikes in insurance premiums. The Senate has already wisely rejected various versions of ACA repeal. Further, we feel strongly that this irresponsible measure has no place in a tax bill.

We appreciate Chairman Hatch's (R-UT) inclusion in the modified mark of a doubling of the educator tax deduction from $250 to $500. We also thank Senator Brown (D-OH) for his advocacy and leadership on this issue.

In addition to our views on the underlying bill, we would like to provide our position on certain amendments:

- **Vote No on Amendment #4 from Chairman Hatch (R-UT)** which would essentially create private school vouchers through a new tax deduction for private religious school tuition.
- **Vote No on Amendment #3 from Senator Scott (R-SC)** which is essentially a backdoor private school voucher scheme created through a federal tuition tax credit program for individuals and corporations.
- **Vote Yes on Amendment #4 from Senators Wyden (D-OR), McCaskill (D-MO), Casey (D-PA), and Menendez (D-NJ)** which would fully reinstate the federal deduction of state and local taxes if local per pupil K-12 education funding in such year falls below its 2017 level.
- **Vote Yes on Amendment #6 from Senators Stabenow (D-MI), Brown (D-OH), and Casey (D-PA)** which would eliminate the Affordable Care Act's excise tax on high cost health care plans.
- **Vote Yes on Amendment #15 from Senators Brown (D-OH) and Stabenow (D-MI)** which would double the current allowable student loan interest deduction from $2,500 to $5,000.
- **Vote Yes on Amendment #10 from Senator Brown (D-OH)** which would modify and expand the use of Qualified Zone Academy Bonds to allow communities to invest in construction, rehabilitation, retrofitting, and repairing their schools.
- **Vote Yes on Amendment #11 from Senators Stabenow (D-MI) and Brown (D-OH)** which would create a new fully refundable tax credit for unreimbursed medical costs that exceed five percent of a person's adjusted gross income. This amendment would help seniors, people with serious or chronic illnesses, and families of special needs children better afford medical care.

- **Vote Yes on Amendment #9 from Senator Bennet (D-CO)** which would create a $3,000 nonrefundable tax credit for family caregivers who take care of disabled relatives.
- **Vote No on Amendment #2 from Chairman Hatch (R-UT)** which would require all 401k ‘catch-up’ contributions to go into a Roth plan. This would result in long-term budget shortfalls, as retirement-related taxes would decline.
- **Vote No on Amendment #3 from Chairman Hatch (R-UT)** which would repeal the re-characterization of Roth contributions as 401k contributions. This would create a structural budget deficit and reduce choices for retirement savers.
- **Vote Yes on Amendment #6 from Senator Cardin (D-MD** which would prevent the lowering of contribution limits on 403b and 457b retirement plans and strike an early withdrawal penalty on 403b retirement plans.
- **Vote Yes on Amendment #3 from Senator Warner (D-VA)** which would allow employers to provide up to $2500 a year in tax-free employer education benefits for undergraduate and graduate students.
- **Vote Yes on Amendment #4 from Senator Warner (D-VA)** which would provide a tax-credit for employers who increase spending on worker training.

Rewriting the Tax Code Should Not be Rushed
In 1986, Congress undertook a yearlong, bipartisan effort to deliberately and carefully rewrite the tax code. Measured consideration should again be taken in understanding the near-term and long-term impacts a tax code rewrite will have on families, communities, and public services. Instead, Congressional leadership is rushing the process and putting forward a bill that further tilts the scale in favor of the wealthy and corporations, and paid for by working families. For all of the reasons outlined above, we urge you to **Vote No on the Tax Cuts and Jobs Act**.

Sincerely,

Marc Egan

Marc Egan
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National Education Association