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Dear Representative:

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* (H.R. 1), a rewrite of the U.S. tax code being marked up this week. This \$5 trillion 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 students 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

[Analysis of the Joint Committee on Taxation's](#) estimate of H.R. 1's impact shows that the bill is overwhelmingly skewed to the wealthy. Households with annual incomes over \$1 million would receive 16 times the percentage increase in after-tax income as other taxpayers. In addition, 45 percent of the cost of the bill's tax cuts would go to households with incomes above \$500,000 – less than one percent of filers. Meanwhile, JCT estimates show that taxes would actually *increase* for filers with incomes between \$20,000 and \$40,000 over the life of the bill.

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 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 Will Devastate Education Funding

H.R. 1 would eliminate most of 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 equals a tax increase on middle class families and will have a negative, ripple effect on the ability of states and local communities to fund public services, like education. That will translate into cuts to public schools, lost jobs to educators, and overcrowded classrooms that deprive students of one-on-one attention. [According to one report](#), elimination of the state and local income and sales tax deduction would cut approximately \$250 billion in support for public education over the next ten years. A cut of this magnitude is like eliminating the Title I and IDEA special education programs overnight.

We urge you to **VOTE YES on the Pascrell amendment** to preserve the state and local tax deduction.

Turning Popular 529 College Savings Plan into a Voucher-like scheme for the Wealthy

The tax plan distorts a popular education tax program for middle-class families by creating a voucher scheme with no income limits that is aimed at benefitting the wealthy to set aside up to \$10,000 annually in a tax-free account for private school expenses. Both the Heritage Foundation and Education Secretary Betsy DeVos agree, noting to the *Washington Post* that the backdoor voucher plan is “... a good step forward...” in allowing public dollars to follow children to private school. Make no mistake. This poorly veiled voucher program will only benefit the wealthiest families who can already afford private school tuition at the expense our students, communities, and taxpayers. In the end, no matter what form or name a voucher program takes, the impact is the same. This risky voucher program will hurt students and neighborhood schools— where 90 percent of children attend.

Elimination of the modest Educator Tax Deduction

While offering huge giveaways for wealthy individuals and corporations, the plan inexplicably eliminates the popular educator tax deduction that allows educators to deduct eligible unreimbursed out-of-pocket classroom spending – books, paper, pencils, and art supplies purchased to supplement meager school budgets -- up to \$250 annually. The popular plan made “permanent” by Congress just two years ago, was claimed on 3.7 million tax returns in 2015. Almost every educator pays out of pocket for school supplies. The most recent study by the National School Supplies and Equipment Association (NSSEA) estimated that public school educators spent *\$1.6 billion* of their own money during the 2012-2013 school year on classroom supplies. An estimated 99 percent of public school teachers spent some amount of money out of pocket for their classrooms, with typical amounts ranging from \$500 - \$1,000.

We urge you to **VOTE YES on any amendment** to preserve the educator tax deduction.

Making College Even More Costly for Families

The plan also eliminates the student loan interest deduction. This is bad news for students and families. Under current rules, borrowers paying off education loans can annually deduct up to \$2,500 of interest paid on student loans. H.R. 1 essentially raises the long-term cost of attending college by eliminating the deductions for interest paid on student loans. [According to the IRS](#), over 12 million individuals claimed this deduction in 2015. In a time of rising college costs and skyrocketing student loan debt, it is unthinkable to take away a provision that assists families struggling to pay for college.

Eliminating Successful School Construction Bonds Program

The Qualified Zone Academy Bond (QZAB) Program has proven to be an efficient and cost-effective way to help disadvantaged communities address pressing renovation and repair needs in schools. Investors receive a federal tax credit equal to the amount of interest payable on the bonds, thereby relieving local taxpayers and municipalities of the interest burden. A school that is awarded a QZAB may use the funds to renovate and repair buildings, invest in equipment, and update technology which are all vital to student well-being and success. Eliminating this program will only ensure that more and more students will go to school in yesterday's buildings with out-of-date technology and often unsafe, crumbling infrastructures.

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 H.R. 1.

Sincerely,

A handwritten signature in black ink that reads "Marc Egan". The signature is written in a cursive, flowing style.

Marc Egan
Director of Government Relations
National Education Association