AASA
THE SCHOOL SUPERINTENDENTS ASSOCIATION
1615 Duke Street | Alexandria, VA 22314
Phone: 703.528.0700 | Fax: 703.841.1543
www.aasa.org

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U.S. Senate
Washington, DC 20510

Dear Senator,

On behalf of AASA, The School Superintendents Association, representing more than 13,000 public school superintendents across the country, I write to express our opposition to the Tax Cuts and Jobs Act. Our opposition is not to tax reform in whole; rather, it is to specific provisions within the current plan that undermine and threaten our nation's public school system and the students and communities they serve. We urge Congress to rewrite the plan to preserve the state and local tax deduction, to ensure that 529 accounts remain a benefit to higher education, to protect and preserve Qualified Zone Academy Bonds, and to ensure that in paying for its tax reform, the bill does not negatively or disproportionately impact non-defense discretionary funding, which provides for education.

We are keenly aware that any tax conversation, like any budget or funding conversation, it filled with tough decisions. The combination of these tough decisions, however, is a clear indication of the deciding body's priorities, and in this instance, *there is no indication that this tax plan and those planning to vote for it have an understanding of, or care about, its impact on public schools*. Congress must both know and do better, and ensure that any tax reform plan is supportive of public education.

Specific to the proposal, our concerns fall in four categories: state and local tax deduction (SALT-D), specific education tax provisions (529 accounts), preserving school bonds and QZABs, and how pay-fors in the deal will impact education funding.

- State and Local Tax Deduction (SALT-D): As one of the six original deductions allowed under the original tax code, SALT-D has a long history and is a critical support for investments in infrastructure, public safety, homeownership and, specific to our work, our nation's public schools. SALT-D prevents double taxation for local residents and reduced the pressure tax payers feel/face when it comes to paying state and local taxes, which represent the lion's share of public education funding. Elimination of this deduction would increase tax rates for certain tax payers, reduce disposable income, limit ability and support for local taxes, and damage local, state and national economies. State and local funding accounts for approximately 90% of funding for K12 schools. Reduction of state and local revenues—an all but certain reality under this tax plan—would mean certain cuts to public education. We remain opposed to any changes to the original SALT deduction and urge the Committee to ensure that any comprehensive tax reform must preserve the SALT deduction as a matter of national priority.
- 529 Accounts: We urge the Senate to maintain current law regarding 529 plans that limit these savings accounts to families for use at institutions of higher education. We strongly oppose the insertion of House language that would expand the definition of "qualified higher education expenses" to include up to $10,000 a year in elementary and high school tuition and incentivize families to educate their children in private schools. Instead of investing public funds to improve public education, the House 529 provisions would reward wealthy families for enrolling, or keeping their children enrolled, in private schools, thereby decreasing available funding for public education budgets and hurting the 90 percent of students served by our nation's public schools. The House language would enable anyone, regardless of their wealth, to put aside significantly more dollars for use at private schools, at a greater expense to taxpayers and schools. This is a foot-in-the-door approach to vouchers and the revenues that stand to be lost under this 'benefit' would be far more efficiently and effectively invested to support public schools, via federal formula programs like Title I and IDEA, programs driven by equity and working to support teachers and education personnel, to reduce class size, to support instruction and more.

- Construction Bonds and Qualified Zone Academy Bond (QZABs): We are opposed to how this bill would reform how state and local governments, including school districts, can issue tax-exempt bonds to refinance debt. Specifically, they would prohibit school districts from issuing tax-exempt "advance refunding bonds" (ARBs). ARBs are a cost-effective way for districts to refinance high-interest debt at lower-interest rates, potentially saving hundreds of thousands of taxpayers' dollars in lower debt payments. We also urge Congress to extend and improve the Qualified Zone Academy Bond program; we are opposed to its elimination. Tax credit bonds such as QZABs are effective, providing critical financial support for modern, technologically and energy efficient schools and classrooms.
- Tax Plan Pay For: AASA urges Congress to ensure that any tax reform act prudently to ensure that tax reform is paid for—not adding to the federal debt—and that in looking for pay-fors, work to preserve parity between defense and non-defense discretionary funding. AASA is concerned that should a tax plan that is deficit-financed move forward, Congress will feel pressure to make cuts elsewhere, and that those cuts will fall to education and non-defense discretionary spending. Congress already struggles to avoid deep cuts to important education programs as they work to comply with existing federal funding caps and constraints; a debt-financed tax reform would only exacerbate this tension and the depth of cuts to important education programs. As we wrote in our initial response to the proposal, "We reiterate the importance of Congress ensuring the process of tax reform is deliberate and transparent, and not rushed through for the sake of compliance with arbitrary timelines. We will continue to monitor the broader tax reform effort for its myriad impacts on public education— both long and short term—and we are concerned this proposal ties the hands of state and local governments to support their communities, promotes the privatization of education funding, and attacks, rather than supports, public education in our nation."

Changes to tax policy can be a good thing, a chance for leadership and opportunity. The proposal being considered this week fails all on all of these fronts, threatens one of our nation's original forms of infrastructure (public education) and stands to do far more harm, than good. We call on Congress to ensure its policies and priorities are to the benefit of—and reflect the needs of—the people they are elected to represent.

We urge the Senate to slow its effort to ensure a product that has solid policy footing and broad, bipartisan support. We are deeply committed to ensuring students get the best possible education and support, and the elements of the plan being considered fall far short of this basic expectation. Congress can—and must—do better. For these reasons, we are opposed to the bill in its current form. Congress must rewrite its current plan—a multi-trillion dollar tax giveaway to the wealthiest and corporations paid for on the backs of working families, communities, and students—into a workable proposal actually deserving of the title tax 'reform'.

Thank you for considering these improvements and do not hesitate to reach out with any questions.

Sincerely,

Noelle Ellerson Ng

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Associate Executive Director
AASA, The School Superintendents Association