September 13, 2018

Dear Representatives,

On behalf of the undersigned organizations, representing public school superintendents, school business officials, and educational service agency administrators, we write to express our strong opposition to the Tax Reform 2.0, being considered in the House Ways and Means Committee. We are concerned that the blind rush to revise federal tax code in a manner that prioritizes businesses and corporations over people misses a critical mark, further undermines sound tax policy, and will undermine the ability of state and local governments to adequately support investments in critical public infrastructures, including public schools.

We oppose the suite of bills being proposed, with especially strong opposition to the proposal to expand 529 Savings Accounts to support home schooling expenses, as well as the proposal to extend the cap on state and local tax deductions (SALT-D). The set of bills being considered is referred to as round 2.0, an implication of improved or better policy, and we disagree. This set of bills, particularly as it impacts education, is merely more of the same, a calculated political move that undermines the ability of state and local governments to invest in public education in a manner that preserves and grows local, state and national economies.

529 Accounts: We opposed the expansion of 529 plans beyond their original purpose, as savings accounts for families to use at institutions of higher education, and we oppose the proposal to expand their use further, to include homeschooling expenses. The expansion of the program in the Tax Cuts and Jobs Act of 2017 to include allowable K–12 expenses remains short-sighted and inequitable policy; it rewards wealthy families for enrolling their children in private schools, thereby decreasing available funding for public education budgets and hurting the 90% of students served by our nation’s public schools. This “new” proposal would allow anyone, regardless of their wealth, to put aside significantly more dollars for use outside of public education, at a greater expense to taxpayers and schools. This is more of the same, a foot-in-the-door approach to vouchers. 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.

SALT-D: We opposed the temporary cap on SALT-D, and our opposition continues. As one of the six original deductions allowed under the original tax code, SALT-D has a long history and provides critical support for state investments in infrastructure, public safety, homeownership and, specific to our work, our public schools. SALT-D prevents double taxation for local residents and reduces the pressure taxpayers face when it comes to paying state and local taxes, which represent the lion’s share of public education funding. Permanent elimination of this deduction would increase tax rates for certain taxpayers, 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 K–12 schools. Reduction of state and local revenues—an all but certain reality under TCJA—would mean certain cuts to public education. We oppose the proposal to extend the SALT-D cap beyond the timeline of the December 2017 changes and urge the Committee to reinstate SALT-D.

As we wrote in December, and worth repeating: Changes to tax policy can be a good thing and a chance for leadership and opportunity. The proposal being considered this week continues the reality of December, failing on all of these fronts, threatening one of our nation’s original forms of infrastructure (public education) and standing to do far more harm, than good. We call on this Committee 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 you to vote NO to the proposed changes to SALT-D and 529. Please direct any questions to Noelle Ellerson Ng, legislative liaison (nellerson@aasa.org).

Sincerely,

Daniel Domenech
Executive Director
AASA, The School Superintendents Association

Joan Wade
Executive Director
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CC: House Ways & Means Committee