



December 8, 2017

The Honorable Kevin Brady
Chairman
Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Orrin Hatch
Chairman
Finance Committee
U.S. Senate
Washington, DC 20510

Dear Chairman Brady and Chairman Hatch:

On behalf of the Association for Career and Technical Education (ACTE), the nation's largest not-for-profit association committed to the advancement of education that prepares youth and adults for career success, and Advance CTE, representing the state and territory leaders of our nation's Career and Technical Education (CTE) system, we write to express our strong concerns related to several provisions in both the Senate and House versions of the Tax Cuts & Jobs Act. Today's CTE system serves 94 percent of all public high school students and 8.4 million individuals seeking postsecondary certificates and associate degrees in CTE fields.¹ A tax bill has broad implications on CTE students and educators – as it does virtually every American – and we write to specifically oppose a number of the provisions related to education.

I. Elimination of the Deduction for Teacher Expenses in the House Bill

An estimated 99.5 percent of public school teachers purchase school supplies out-of-pocket at an average expense of nearly \$500 per school year.² The elimination of the up-to-\$250 deduction for non-reimbursed classroom expenses in the House bill affects virtually all of the nation's teachers, including CTE teachers. America's educators are the backbone of the economy, and tax reform that is predicted to disproportionately benefit upper-income earners and corporations³ should not come at the expense of these important public servants. We urge the conference committee to adopt the Senate provision that doubles the teacher deduction to \$500.

II. Elimination of Student Loan Interest Tax Deduction in the House Bill

Many of the 8.4 million postsecondary CTE students pursuing credentials, 2-year degrees, and beyond rely on student loans to finance their education. Eliminating the student loan interest tax deduction, as the House bill does, for those with qualifying modified adjusted gross incomes unnecessarily burdens low and middle-class families and individuals who funded their educations with student loans.

III. Elimination of the Lifetime Learning Credit in the House Bill

The proposed elimination of the Lifetime Learning Credit (LCC) in the House Bill in favor of a modest increase in the American Opportunity Tax Credit (AOTC) to a fifth year with a maximum benefit of \$1,250 will result in fewer options for postsecondary CTE. The CTE system serves many students who are pursuing second careers or additional training or certification, and who may have already taken advantage of the AOTC. Because there is no time constraint on the LLC, students who choose to upskill for second or third careers are currently able to claim a deduction. However, under H.R. 1, students who have already claimed the AOTC would not be able to claim a deduction for additional education expenses.

¹ U.S. Department of Education, National Center for Education Statistics, *High School Transcript Study, 2009*; U.S. Department of Education, National Center for Education Statistics, *2007-08 National Postsecondary Student Aid Study*.

² McCammon, *More Teachers Pay to Stock the Classroom Supply Closet*, Marketplace, 2013.

³ *A Preliminary Analysis of the Unified Framework*, Tax Policy Center, 2017.

IV. Elimination of Tax Benefits for Employer Education Assistance Programs in the House Bill

Many employers incentivize and upskill their employees by providing tuition reimbursement assistance. The repeal of this bipartisan program in the House bill will increase the cost of upskilling America's workforce and increase the tax burden for many working students.

V. Elimination and Reduction of State and Local Tax Deductions in Both the Senate and House Bills

Eliminating state and local income and sales tax deductions, and capping deductions on local property taxes, as both the Senate and House bills do, will put immediate pressure on states and localities to reduce or freeze their tax assessments. State and local governments provide schools with the majority of their education funding, and reductions in funding will put the squeeze on local school districts, forcing many to prioritize their resources in core academic subjects at the expense of often more costly – but wholly worthwhile – CTE programs. One estimate has stated that the changes to state and local tax deductions in H.R. 1 would strip roughly \$250 billion from public education over the next decade.⁴ Similarly, another study predicts the effect of the elimination and reductions of SALT deductions in the House bill could threaten nearly 250,000 education jobs.⁵

We are also concerned that the bill's net predicted cost of \$1.5 trillion over 10 years⁶ will compel non-defense discretionary spending cuts, including cuts to education. Meanwhile, the investment in the Carl D. Perkins Career and Technical Education Act, the principal source of dedicated federal funding for CTE, has declined by 13 percent, or \$171 million over the past decade. Any tax reform proposal should ensure adequate long-term revenue for discretionary programs so as to prevent investments in the nation's workforce from being persistently underfunded.

The one positive aspect of the House bill is the proposed expansion of 529 College Savings Accounts to cover apprenticeship expenses. However, this modest reform would not outweigh our significant concerns about the legislation as passed by both the House and Senate, and its impact on both teachers and postsecondary CTE students who will likely see the cost of their education increase through the loss of these important deductions, credits and other tax benefits.

We hope the committee will carefully consider this proposal and weigh the consequences of H.R. 1 on CTE teachers, students and funding. Please feel free to contact Mitch Coppes (mcoppes@acteonline.org), ACTE's Legislative and Regulatory Affairs Manager, or Kathryn Zekus (kzekus@careertech.org), Advance CTE's Senior Associate, Federal Policy, should you have any questions about our comments.

Sincerely,



Stephen DeWitt
Deputy Executive Director
ACTE



Kimberly A. Green
Executive Director
Advance CTE

Cc: Members of the conference committee

⁴ Dannenberg, *The Betsy DeVos Tax Cut*, Education Reform Now, 2017.

⁵ *Nearly 250,000 Education Jobs at Risk if Congress Eliminates State and Local Tax Deduction*, National Education Association, 2017.

⁶ *Estimated Revenue Effects of the Chairman's Mark of the "Tax Cuts and Jobs Act,"* Joint Committee on Taxation, 2017.