Coalition on Human Needs
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Dear Senator:

On behalf of the Coalition on Human Needs, we most strongly urge you to vote no on S.1, the Tax Cuts and Jobs Act.

The national organizations that are members of the Coalition on Human Needs, representing millions of human service providers, people of faith, policy experts, and advocates for workers, civil rights, and for meeting the needs of low-income people, urge you to reject the rush to enact trillions of dollars in inequitable tax cuts. Our nation has many important priorities, including improving access to health care, reducing poverty and increasing opportunity, ensuring that our children are well-educated and can go on to college without incurring crippling student debt, protecting the retirement security of seniors, and maintaining and improving our infrastructure so that public health, safety, and economic growth are assured. The tax bill would undermine our ability to address these priorities. Many of us have worked towards meeting human needs with the help of the federal government for decades, and we have never seen such an irresponsible squandering of national resources as would be the result of S.1.

The bill would deepen the deficit by no less than $1.4 trillion over the next decade, and by far more if the temporary tax cuts in the bill are extended. It would transfer trillions of dollars to corporations and high-income individuals, with low- and middle-income people paying the cost: 35.5 million of them paying higher taxes in 2027 than under current law, and millions more paying through reduced services affecting their health, work, safety, and future.

The bill hurts low- and middle-income Americans in a number of serious ways:

- a large proportion of them will ultimately pay more in taxes, not less;
- the repeal of the individual mandate for health coverage will result in 13 million going without health insurance and premiums rising by an average of 10 percent;
- state and local services they depend on, such as education, public safety, health services, and road repair, will be reduced because of the loss of state and local tax deductions;
- some low-income children in immigrant families will lose the Child Tax Credit;
- the lower inflation adjustment due to use of the Chained CPI measure will result in higher taxes over time;
- as the deficit deepens, there will be additional attempts to cut services such as Medicaid, Medicare, the Affordable Care Act, housing and nutrition aid, substance use disorder treatments, environmental protection, and much more; in fact, under existing law the $1.4 trillion deficit projected for the bill would trigger harsh across-the-board cuts in many programs, including a $25 billion cut in Medicare;

- efforts to expand needed services and investments, such as child care, housing assistance, college financial aid, infrastructure rebuilding, or emergency aid for disasters and epidemics, will be hampered by the growing deficit.

Unlikely economic growth; threatened economic damage: Proponents of this multi-trillion dollar give-away of tax revenues to the rich and to corporations justify it by claiming it will spur enough economic growth to offset the revenue loss. But prominent mainstream economists do not agree. A University of Chicago Business School survey of a diverse panel of top economists found that all but one either disagreed or were uncertain that the economy would grow more than the status quo as a result of the tax cuts. None disagreed with the prediction that U.S. debt would grow. There is no evidence that lowered tax rates for businesses or high-income individuals will lead to appreciable job or wage growth. When Gary Cohn, Director of the National Economic Council, asked CEO's if they would increase business investment as a result of the tax cuts, very few raised their hands, to his disappointment.

A recent analysis using the Penn Wharton Budget Model found that the Senate tax plan would increase economic growth by only between 0.03 percent and 0.08 percent a year in the decade through 2027, compared to no change in policy. After that, economic growth would be even less because of growing deficits. Such growth will not produce the jobs and wage gains our people need. Instead deficits that grow because corporations and the rich are paying even less of their share will be the rationale for funding cuts that will cut off the real engines of growth: education, economic and health security for our people, young and old alike, and with special attention to child development, and improved physical and digital infrastructure. Economic growth has been achieved in this country precisely because of public investments like these. S. 1's massive tax cuts will squander the resources needed to make these investments.

Automatic triggers to increase revenues not likely to be effective: The potential damage to the economy could grow worse, if the proposal to create automatic triggers for revenue increases is adopted. As reported in the press, S.1 may be amended to include claw-backs to corporate revenues starting in 2022 if deficits exceed an established benchmark. Although the details are not now clear, it is likely that the triggered tax increases would be far short of the increase in the deficit, and thus ineffectual. But there could be automatic tax increases during an economic downturn, which economists generally caution against.

Unjustifiable and inequitable redistribution from low- and middle-income people to corporations and the rich: In the absence of evidence that economic growth will benefit low-to-middle-income people, we are left with the CBO/Joint Tax Committee analysis of a dramatic redistribution of funds away from taxpayers with incomes of $50,000 or less and to those with high incomes. Taking into consideration losses of government expenditures (such as lost health insurance premium supports) and tax changes, this analysis shows that in 2027, those with incomes between $10,000 - $50,000 a year would collectively lose more than $45 billion, while those with incomes of $1 million or more would gain $5.8 billion in tax cuts. Such a redistribution away from low and moderate income people is shocking.

Instead of investing in families with children, the tax bill disproportionately hurts low-income families: Families with children in the lowest two quintiles lose the temporary benefit of the increased Child Tax Credit and, on average, will owe more in taxes in 2027 than under current law. Families with children in

the second quintile will owe on average $200 more than they would under current law. An analysis for the Tax Policy Center found that the increase for these families would be five times as high as that for all taxpayers in this income group. Millions of the lowest-income families with children will get very little benefit from the increase in the Child Tax Credit proposed in the bill, because there is only a small improvement in the refundable portion of the credit. A single mother with two children earning the minimum wage ($14,500) will gain only $75.

The wealthiest individuals and profitable corporations are by far the biggest beneficiaries of the tax cut bill. By 2027, according to the Tax Policy Center, more than 98 percent of the top one-tenth of one percent of households, with incomes exceeding $5 million, will get a tax cut from the Senate bill, averaging nearly $224,000 each. The vast majority (83 percent) of the top one percent get a tax cut, averaging more than $42,000 in that year. The top one percent will receive 62 percent of the total tax cut in 2027. On the other hand, nearly one-third of the poorest fifth will see their taxes rise $80 on average in 2027, and more than one-half of the second-lowest fifth (earning between $28,100 and $54,700) will pay higher taxes (averaging $130 more). Even among those who do get a tax cut in the second quintile, their gains average $310, or just under $6 a week. Taking all the components of the tax bill into account, the Institute on Taxation and Economic Policy estimates that on average, the middle fifth of taxpayers will pay $60 more in taxes in 2027. Because most individual income tax provisions expire in 2025 in the S.1, many low/middle-income households start to do worse, while upper-income households continue to benefit from corporate and estate tax provisions.

Harm from the loss of state and local tax deductions: Some of those hit hardest will see tax increases because of the loss of state and local tax deductions in S. 1. These deductions are claimed by 44 million households nationwide and are strongly supported in public opinion surveys of voters. Support is not limited to states like California, New York, New Jersey, and Maryland, which would together pay $16.7 billion more in taxes in 2027 under the House bill, and still more under S.1, because it does not allow any deduction for property taxes. Hart Research Associates found that eliminating SALT deductions was opposed by73 percent of voters in Maine, 70 percent in Arizona, and 65 percent in Tennessee.

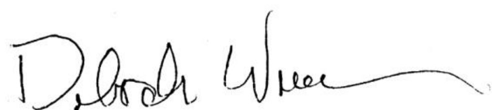
Not only will taxes go up, but the pressure of the increased federal taxes will make it far harder for states and localities to increase their own revenues in order to keep pace with the costs of education, public safety, health care, and infrastructure costs. The National Education Association estimates that S. 1 would lead to more than $370 billion in cuts to public education and 370,000 education jobs threatened over 10 years. Such cuts would take our nation backwards. Many nonprofit agencies we work with are also extremely concerned that charitable contributions they receive will decline, due to reduced use of itemized deductions. Thus both public and private services are threatened, and all to provide more tax breaks to the wealthiest among us.

Growing deficits led to discretionary spending caps that have shrunk domestic/international programs by 16 percent below FY 2010 levels, counting inflation. Further reductions envisioned in the FY 2018 budget resolution over the next decade would cut FY 2027 spending 29 percent below the FY 2010 level, adjusted for inflation. That will mean drastic losses of rental housing vouchers, child care placements, pre-k through college education, meals on wheels, substance use disorder and mental health treatment, protections against epidemics and natural disasters, and so much more. The lead poisoning of Flint's children will be matched by preventable poisoning in many other communities with unsafe water

systems. The help that Medicaid, CHIP, SNAP, SSI, TANF and other programs offer to low-income people will also be threatened. Those in need will be told the federal government cannot help – the deficit is too high.

The tax bill before you represents a willful failure to learn from experience. Over and over again, tax cuts are found to cut revenues, and that tax cuts for those at the top do not create economic growth that leads to more jobs and income. Kansas is the most recent failed experiment. Please do not inflict another failure on the whole nation. We urge you not to squander the revenues we need to build our future – please vote no on S. 1.

Sincerely,



Deborah Weinstein,
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