

Trump Tax Cut Plan Will Devastate Public Education

By [Patrick Martin](#)

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The tax cut legislation backed by the Trump White House is more than just a trillion-dollar windfall for the super-rich. The bills passed by the House and Senate in different forms will now be reconciled in a special conference, but both versions contain provisions that will devastate public education while promoting the growth of private and religious schools.

The largest single impact will come from eliminating the deduction for state and local income taxes, as proposed in both the House and Senate versions of the tax overhaul. Both versions also put a \$10,000 cap on the deduction for state and local property taxes. These two forms of taxation supply the bulk of the funds for public education.

School districts across the country have warned that without the federal deductions to cushion the impact, it will be much harder to maintain existing state and local taxes to support public schools, let alone win the approval of millage increases. If state and local taxes are lowered to offset the loss of the federal deduction (or simply frozen at present levels, which means a reduction over time in real terms), the result would be a sharp fall in funding for public schools.

According to the National Education Association (NEA), the largest US teachers' union, the House bill would threaten \$250 billion in funding over 10 years, the Senate bill would threaten \$370 billion in funding over the same period. At an average cost of \$100,000 per employee, counting wages, health care, taxes and pension contributions, that means 250,000 to 370,000 school jobs would be at risk.

In other words, the Trump tax cut could have as devastating an impact on education as the 2008 Wall Street crash. The deep recession that followed the crash led to huge spending cuts by state and local government, resulting in the elimination of 366,000 school jobs during the ensuing six years. The Obama administration's "stimulus" program did little or nothing to offset these drastic cuts.

The NEA released last month a state-by-state analysis of the prospective cuts in school spending, which would see the biggest impact in a handful of states with higher local and state tax rates: California (\$63 billion), Georgia (\$12.5 billion), Illinois (\$14.3 billion), New Jersey (\$22.2 billion), New York (\$34.4 billion), Pennsylvania (\$12.6 billion), Texas (\$22.1 billion) and Virginia (\$13.5 billion).

The tax bill also prohibits a form of local school funding: tax-free "advance refund bonds," which allow school districts to refinance debt when interest rates are low, as they are now. This is simply a handout to bondholders, most of whom are wealthy investors, at the expense of the public schools.

The political goal of undermining and ultimately destroying public education was reflected in the passage of an amendment to the Senate bill, sponsored by ultra-right Texas Republican Ted Cruz, which allows holders of tax-free 529 accounts, originally set up to provide for college education, to use the money for private and religious elementary and secondary schools.

This is both a boon to the wealthy and a blow to public education: those who can afford to contribute up to \$10,000 a year to 529 accounts will be able to use the money tax-free for private and religious school tuition. At the same time, working people who pay state and local taxes to support public schools will not be able to take a tax deduction on those payments.

In a statement to the press, Sasha Pudelski, assistant director for policy and advocacy at the American Association of School Administrators, said,

“It’s crazy that we’re eliminating the ability of people to deduct their state and local taxes that go directly to local services, including schools... while at the same time providing a \$10,000 incentive for folks to send their kids to private schools.”

What seems obviously crazy to school professionals, however, is perfectly logical to millionaire senators who represent the interests of the financial aristocracy. In the wake of the passage of the tax bill through the Senate, there have been a number of statements of open class hatred spewing from the mouths of top Republican leaders.

Charles Grassley, chairman of the Senate Judiciary Committee, defended the sharp reduction—or outright elimination—of the estate tax on inherited wealth.

“I think not having the estate tax recognizes the people that are investing,” he told the Des Moines Register. “As opposed to those that are just spending every darn penny they have, whether it’s on booze or women or movies.”

Orrin Hatch, chairman of the Senate Finance Committee, who played a central role in drafting the tax legislation, made similar comments defending the Senate’s failure to reauthorize the Children’s Health Insurance Program, which extends Medicaid coverage to 9 million children in low-income families.

“I have a rough time wanting to spend billions and billions and trillions of dollars to help people who won’t help themselves, won’t lift a finger and expect the federal government to do everything,” he said, referring to poor children, not the idle rich.

The attack on public education is veiled and not explicit in the language of both the House and Senate versions of the tax legislation. But the next round of congressional action will include public and open attacks on critical domestic social programs, justified, according to Trump and the congressional Republicans, by the very deficits they have aggravated through tax cuts for the wealthy.

As the *Wall Street Journal* noted, in a headline Tuesday, “After Push on Taxes, Republicans

Line Up Welfare Revamp Next.” Trump signaled this shift in his appearance last week in Missouri at a campaign-style rally for the tax bill, which included a vicious denunciation of those who need social programs to survive in an attempt to pit low-paid workers against low-income welfare recipients in a race to the bottom.

“I know people that work three jobs and they live next to somebody who doesn’t work at all,” he declared. “And the person who is not working at all and has no intention of working at all is making more money and doing better than the person that’s working his and her ass off... So we’re going to go into welfare reform.”

The Democratic Party offers no alternative to this reactionary, ultra-right populism, because, like the Republicans, it is a political servant of the financial elite. The Democrats will offer different political rhetoric, with appeals to identity politics and even, in the form of Bernie Sanders, a claim to defend working people against the “millionaires and billionaires.”

But the Democratic Party also supports a major reduction in the corporate tax rate, the centerpiece of the Trump-Republican plan. Democratic-controlled state governments, as in California and New York, have pursued austerity policies just as ruthlessly as their Republican counterparts. And the Obama administration, in eight years in office, presided over the greatest transfer of wealth from the working class to the financial aristocracy in history. It is that experience that disillusioned millions of working people with the Democrats and created the conditions for the victory of Trump in 2016.

It is up to the working class to carry out an independent political struggle to defend public education and all basic social services, jobs, decent living standards and democratic rights. This requires a political break with the capitalist two-party system and the building of an independent party of the working class, based on a socialist program.

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