



November 28, 2017

The Honorable Mitch McConnell
Majority Leader, U.S. Senate
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader, U.S. Senate
Washington, DC 20510

Dear Leader McConnell and Leader Schumer:

On behalf of Lutheran Services in America—one of the nation’s largest nonprofit networks serving one in 50 Americans each year—I am writing to express our opposition to the *Tax Cuts and Jobs Act*, as reported out of the Senate Committee on Finance.

Our over 300 members serve and support low-income seniors, children, youth, families, veterans and people with disabilities. As such we know the harmful and lasting effects this bill would have on those who could least afford it. From raising taxes on those earning between \$10,000 and \$75,000,¹ to threatening access to health coverage for millions this bill makes far-reaching changes that would endanger the health and economic security of the most vulnerable Americans.

One such change is the bill’s proposed repeal of the *Affordable Care Act*’s individual mandate. We are concerned that rolling back this requirement—which requires all individuals to have basic health coverage—would undermine the stability of the nation’s health care system and make it harder for people to access affordable, quality care. According to the nonpartisan Congressional Budget Office eliminating this provision would cause 13 million people to lose health coverage and result in significantly higher health costs for millions more.² While we appreciate recent bipartisan efforts to stabilize the marketplaces, such legislation would not offset the disruption this tax bill would cause.

Further, by adding \$1.5 trillion to the deficit, the bill creates both a short-term financing and long-term deficit problem that will imperil Medicare and Medicaid. Immediately—and every year for the next decade—this increase to the deficit would trigger automatic mandatory program cuts. In 2018 alone the bill would force \$25 billion in cuts to Medicare and slash Medicaid and related programs by \$111 billion.³ In the longer-term this expanded deficit would pave the way for future, steep cuts to essential programs on which vulnerable Americans rely— from Medicaid and Medicare to housing assistance and nutrition services—under the guise of deficit reduction.

¹ The Joint Committee on Taxation, “Distribution Effects of the Chairman’s Modification to The Chairman’s Mark of the ‘Tax Cuts and Jobs Act,’ scheduled for Markup by the Committee on November 15, 2017” (Nov. 16, 2017) available at: <https://www.jct.gov/publications.html?func=startdown&id=5040>

² Congressional Budget Office, “Repealing the Health Insurance Mandate: An Updated Estimate” (Nov. 8, 2017) available at: <https://www.cbo.gov/publication/53300>

³ Congressional Budget Office, Letter to the Honorable Steny H. Hoyer (Nov. 13, 2017) available at: <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1hoyerletter.pdf>

At the same time the bill would leave nonprofits with fewer resources and funding mechanisms, in part by eliminating the charitable expense deduction incentive for an estimated 95 percent of taxpayers. Analysts indicate this could reduce charitable giving by \$13 billion a year.⁴ We are concerned that removing this key source of revenue—while simultaneously reducing federal program funding—would jeopardize the ability of Lutheran Services in America members to meet growing needs.

Finally, as a strictly nonpartisan organization we are deeply disappointed by the lack of transparency, the absence of bipartisanship and the rushed nature of the process employed to advance this legislation. Tax reform impacts every aspect of our economy. Americans deserve careful deliberation and the opportunity for meaningful input.

We respectfully ask you to oppose any legislation—including the *Tax Cuts and Jobs Act*— that would threaten the health and economic security of vulnerable Americans or erode the ability of nonprofit organizations to help those in need reach their full potential.

If you would like more information, please contact Rachel Kerestes, Vice President of External Affairs at Lutheran Services in America at rkerestes@lutheranservices.org.

Sincerely,



Charlotte Haberaecker
President and CEO
Lutheran Services in America

⁴ Rooney, Patrick; et al, “Tax Policy and Charitable Giving Results”, the Indiana University Lilly Family School of Philanthropy (May 8, 2017) available at: <https://scholarworks.iupui.edu/handle/1805/1259>