



American Federation
of Teachers, AFL-CIO

AFT Teachers
AFT PSRP
AFT Higher Education
AFT Public Employees
AFT Healthcare

555 New Jersey Ave. N.W.
Washington, DC 20001
202/879-4400
www.aft.org

Randi Weingarten
PRESIDENT

Antonia Cortese
SECRETARY-TREASURER

Loretta Johnson
EXECUTIVE VICE PRESIDENT

VICE PRESIDENTS

Shelvy Y. Abrams
Mary J. Armstrong
Barbara Bowen
Linda Bridges
Kenneth Brynien
Elsie P. Burkhalter
Stacey Caruso-Sharpe
Kathy Chavez
Lee Cutler
Edward Doherty
Kathleen M. Donahue
Thomas A. Dooher
Eric Feaver
Andy Ford
Ed Geppert, Jr.
David Gray
Judy Hale
David Hecker
Richard Iannuzzi
Jerry T. Jordan
Dennis Kelly
Ted Kirsch
Francine Lawrence
Alan Lubin
Louis Malfaro
Merlene Martin
Michael Mulgrew
Maria Neira
Ruby Newbold
Candice Owley
Sharon M. Palmer
Marcia B. Reback
Laura K. Rico
Pat Santeramo
Sandra Schroeder
Phillip H. Smith
Marilyn Stewart
Ann Twomey
Adam Urbanski

May 24, 2010

U.S. House of Representatives
Washington, D.C. 20515

Dear Representative,

On behalf of the more than 1.4 million members of the American Federation of Teachers (AFT), I urge you to vote YES on H.R. 4213, the American Jobs and Closing Tax Loopholes Act of 2010.

This critical legislation will create and protect jobs. At its core, the bill provides much-needed assistance to unemployed Americans struggling to find work as well as much-needed fiscal relief to overburdened state governments.

The AFT supports the bill for the following reasons:

- The extension of unemployment insurance compensation benefits (UI) will help more than 5 million unemployed workers in the next year;
- The bill continues important COBRA subsidies, which pay 65 percent of health insurance premiums for workers and the families of workers who have been involuntarily terminated.
- Finally, the act provides \$ 27 billion in temporary Federal Medical Assistance Percentages (FMAP) that will help states meet their budget obligations during the current fiscal year. These state budget gaps are estimated to exceed \$180 billion in the next fiscal year. If states do not get this assistance, it is estimated that unemployment could be increased by almost 900,000 jobs.

According to the Congressional Budget Office, providing temporary FMAP assistance, UI benefits and COBRA subsidies are among the most effective measures to create jobs, and increase demand in the economy. Without this assistance, states will slash even more jobs and be forced to cut essential education, healthcare and public safety services.

In addition, the bill includes provisions to modify the tax code in a way that will spur our economic recovery and help working families. These include:

- Over \$5 billion in additional individual tax cuts in 2010 to extend tax relief for 4.4 million working families; tax deductions for college tuition; deductions for classroom supplies purchased by educators; extension of the deduction for state and local sales tax on federal tax returns; and extension of the additional standard deduction for real property taxes, which will affect 30 million homeowners.
- \$21 billion in tax incentives for the continuation of the R&D tax credit, which will create over 100,000 jobs nationwide; tax incentives for real estate development, which will create more than 292,000 construction jobs nationwide; and tax incentives for low-income communities.

- An expansion of: the Build America Bonds that provide state and local governments with the option of using the corporate taxable bond market; the recovery zone bond program; water and sewage infrastructure programs; private activity bonds; low-income housing credits; and redevelopment of ground fuel sites. Together, these proposals will create more than 780,000 jobs.

The tax deductions in the bill are paid for by closing tax loopholes that incent companies to outsource jobs abroad and shelter profits overseas. In addition, the bill requires investment fund managers to pay taxes on their income at the normal individual tax rates and not the preferential 15 percent tax rate used under current law.

H.R. 4213 also includes a reasonable update in the payment for physicians who treat Medicare patients. Without this provision, payment rates for Medicare physicians will drop by 20 percent within the next two weeks. This would create the impetus for many doctors to leave the Medicare system.

Finally, H.R. 4213 invests more than \$97 billion in infrastructure projects nationwide, and it supports the creation of 1.7 million jobs.

There are understandable concerns about the cost of these proposals and their impact on the deficit. However, the cost of doing nothing would be more harmful to the long-term strength of our economy. Aggressive actions, such as those outlined in the bill, must be undertaken immediately to help bolster job creation and improve our current economic situation.

H.R. 4213 is constructive legislation that will help to rebuild our economy by creating jobs, helping the unemployed through tough economic times, and by closing unjustifiable tax loopholes. The AFT urges you to back this bill. Thank you for considering our views in support of this much-needed legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Cowan', with a long horizontal flourish extending to the right.

Kristor W. Cowan
Director, Legislation Department

KWC:emc opeiu#2 afl-cio