



JEFFERY TRINCA  
*Vice President*

To: Steven Pines, Executive Director of EIA

From: Jeff Trinca, Vice President Van Scoyoc Associates

Re: Outlook for Affordable Tutoring Act

**Objective:** Enactment of legislation allowing employees to spend before-tax dollars from dependent care flexible spending arrangements on tutoring and college exam preparation.

**Strategy:** Build bipartisan support on both tax writing committees and generally in both house of Congress so that when there is a viable legislation vehicle - such as an education or middle class tax bill - moves through Congress, our lead sponsors will have the political support necessary to successfully attach the Affordable Tutoring Act.

**Background:** The Affordable Tutoring Coalition has established a strong base for enacting legislation. We now have bills introduced in both houses of Congress, HR 4391 in the House of Representatives and S. 744 in the Senate. Both of our lead sponsors are well positioned for success as members of the tax writing committees, Finance and Ways and Means. Most, importantly though both lead sponsors have a record of winning issues they care about. Congressman Pascrell is a very energetic member of Ways and Means and has a reputation of winning amendments on every tax bill which moves through the committee. He and his staff continue to be excited about our issue. On the Senate side, Senators Snowe and Nelson (FL) are swing votes on every piece of legislation going through the Finance Committee. No matter which party is in power, the Chairman of the committee is looking for amendments which will cement support from these two very independent members. Senator Snowe has pledged action on "the right bill."

Note: Congressman McCotter, a Republican from Michigan, has introduced legislation to allow taxpayers who itemize to deduct tutoring costs. It is my recommendation at this time that we focus our attention solely on the Snowe-Nelson-Pascrell bill. Mr. McCotter is not on the tax writing committee at this time. Also, higher income individuals tend to be the taxpayers who itemize, raising various progressivity and availability issues we would have to address. Finally, where available, a FSA delivers more tax savings to taxpayers because it excludes both income and payroll taxes.

**Outlook for Remainder of the Year:** The question then becomes will the "right bill" move this year. On the con side, Congress has set out a very ambitious schedule for an election year: health care, global climate, energy, the usual business tax extenders, estate tax and the Bush tax cuts. On the positive side,

101 CONSTITUTION AVENUE N.W. SUITE 600 WEST WASHINGTON DC 20001  
TELEPHONE 202-638-1950 FAX 202-638-7714 EMAIL JSTRINCA@VSADC.COM  
WWW.VSADC.COM

health care is done; global climate and energy are likely dead, business extenders will likely pass before Memorial Day; this leaves estate tax extension and action on the Bush tax cuts for the remainder of the year.

While election year congressional sessions are shorter, they also often result in the enactment of small tax cut bills intended to show the folks back home that members of congress care about their concerns. Second only to jobs, polls show that American voters continue to worry about the quality of public education and about getting their children into college. Staff on both sides of the Capitol Building continues to voice interest in doing some sort of small education tax bill. A Chairman Levin staffer told us two weeks ago that they would still love to do something more for middle class voters before adjournment and continue to have a “tax education bill” on the committee’s agenda. Pascrell’s office remains committed to including the bill at the earliest possible mark up.

On the Senate side, Senator Grassley’s staff has begun compiling an education bill and Baucus’s office has shown interest in working with him to introduce a bill.

**Action Items for Coalition:** To a great extent the efforts of the coalition members through the end of the year remain the same: generate home state interest in the legislation in order to pick up more cosponsors. In order to bolster our effort, we propose doing another fly-in. This time we would not restrict ourselves to the tax-writing committees but would go more broadly to the members at large. With the addition of Senator Milkuski from Maryland as a cosponsor, we believe can continue to build broad support across all political spectrums, from liberal to conservative. In so doing, we believe we can continue to strengthen the hands of our main sponsors on the tax writing committees.

Just as important, however, is staff “hand holding” and support. Both Snowe and Pascrell have lost seasoned staffers in the last month. While the replacements seem enthusiastic about the Tutoring bill, it will be essential that VSA remain engaged with them over the coming months to make sure they are on top of any movement of an Education Tax bill and lend any technical and political support. Because when these Education bills begin to move, they will move quickly, this “hand holding” will make up the greater part of the coalition’s work between now and the end of the session.

Finally, we need to have a technical meeting with the staff of the Joint Committee on Taxation. I have begun this process during a meeting last week with Congressman Pascrell’s office. It is my intention to have both Pascrell and Snowe’s office host the meeting. We are hoping to finalize this effort with Snowe’s office soon.