



CHARITABLE GIVING IN AMERICA

Charitable giving is a time-honored American tradition that strengthens communities and sets the standard for the world. From healing and educating to feeding the hungry and providing relief in times of crisis, the charitable sector is inextricably linked to our communities.

But, the 100-year-old tax incentive that encourages charitable giving faces an urgent threat. Federal lawmakers are seriously considering tampering with the charitable tax deduction, which would be disastrous for worthy community causes and nonprofits that provide vital services on which millions of people rely. If donors have less incentive to give to charities, donations will decline, significantly impeding the important work of America's nonprofits.

America's Nonprofits – Vital to Thriving Communities

- Nonprofits generate \$1.1 trillion every year in the form of jobs and services and account for more than 5 percent of the GDP.
- One in 10 U.S. workers are employed by the nonprofit sector, which provides 13.7 million jobs. Employees of nonprofit organizations received roughly 9 percent of wages paid in the U.S., and the nonprofit sector paid \$587.7 billion in wages and benefits.
- For years, non-profits have been diligently cutting costs – freezing salaries, eliminating staff, reducing benefits – while stepping up their fundraising, advocacy and volunteer recruitment efforts. For many, it's still not enough. According to a Nonprofit Finance Fund survey, more than half of charities say they could not meet demands for assistance last year, and expect the number to increase this year. One in four had less than 30 days' cash in hand.
- Charitable giving has a more significant economic impact in America's communities than previously understood. Research reveals the "ripple effect" of foundation grantmaking supports millions of jobs and billions of dollars in economic growth that extend for generations.

The Power of Charitable Giving

Philanthropy's independent role as an investor in innovation and safety net services is more imperative than ever for restoring and sustaining a strong economy. The important work of nonprofits is supported in large part by generous donors and is an essential part of America's economy and quality of life. The sector is incredibly diverse, supporting efforts such as:

- o Technology and scientific breakthroughs to improve our health, like insulin, the polio vaccine, the MRI, electron microscope and pacemaker
- o Educational opportunities and access to health services

- Housing and shelter for the most vulnerable
- The arts and cultural activities
- Protection of the environment
- Civil and voting rights
- Preservation of historic treasures

The Charitable Deduction is Singular in its Purpose – and it Works

Unlike other tax incentives, the charitable deduction encourages individuals to give away a portion of their income without getting anything back.

- By allowing those who give generously to claim a deduction at the same rate at which taxes are paid, our long-standing tax policy has ensured that such gifts are not subject to additional tax. Charitable donors should not be taxed on money they do not have, and on income they do not retain.
- According to [Giving USA](#), those who itemized their charitable contributions comprised more than 80 percent of the total estimate (nearly \$229 billion) for giving by individuals in 2012. For every \$1 a donor can deduct, the public receives approximately \$3 of benefit. No other tax provision generates that kind of positive public impact.
- If Congress takes away the deduction, we put at risk billions in private donations that have supported diverse, worthy causes. For example, if the Administration's proposed 28 percent cap on the charitable deduction is imposed, the sector could lose up to \$5.6 billion per year. That is the equivalent of more than the combined annual operating budgets of Red Cross, Goodwill, the YMCA, Habitat for Humanity, the Boys and Girls Clubs, Catholic Charities and the American Cancer Society.

Americans Understand the Value of the Charitable Deduction

There is strong support for America's tradition of giving. According to the United Way:

- 79 percent believe reducing or eliminating the charitable tax deduction would have a negative impact on charities and the people they serve.
- 62 percent indicate they would have to reduce their contributions by a significant amount – by 25 percent or more.
- Two out of every three Americans (67 percent) are opposed to reducing the charitable tax deduction.

According to Dunham + Company:

- 75 percent of Americans say they value the charitable deduction as it currently stands.

About The Charitable Giving Coalition

Formed in 2009, the [Charitable Giving Coalition's](#) members include more than 60 diverse organizations. Representing private and community foundations, their grantees and independent charities, as well as nonprofit organizations and the associations and umbrella groups that serve their needs. The coalition is dedicated to preserving the charitable tax deduction, which is crucial to ensuring our nation's charities receive the funds necessary to fulfill their essential philanthropic missions. The coalition provides a unique and unified voice on Capitol Hill, including lobbying and grassroots advocacy, on issues affecting the charitable deduction.