



## COMMUNITIES LOSE IF DONATIONS DECREASE

July 12, 2013

By Alan Feldman and Reuben Rotman

New Jersey's lagging economic recovery could grind to a halt if Congress enacts proposals to upend the charitable tax deduction. It would spell disaster for thousands of organizations that rely on donations to heal, educate, support and innovate. These efforts and organizations are at the heart of a strong economy.

The message to New Jersey's congressional delegation is: Don't break a tax policy that's clearly working.

For every \$1 deducted from a charitable contribution, our communities receive \$3 in services and support. What other tax policy generates this kind of impact?

Our elected leaders in Washington would be wise to help (or at least not hurt) New Jersey's efforts to be back in business.

This unique incentive allows individuals to invest in their communities to address urgent and persistent challenges, from high school dropout rates to unemployment to disaster response to health issues that affect children, adults and seniors.

According to Giving USA, individuals gave nearly \$230 billion in 2012 to support charitable causes. More than 80 percent claimed the charitable tax deduction.

In 2010, 1.8 million New Jersey residents claimed more than \$5 billion in charitable deductions.

If lawmakers tamper with the 100-year-old charitable deduction, donations go down — by billions each year.

Limiting the charitable deduction would hurt those who need the most help — not donors. It would dry up a vital source of funding for nonprofit groups in our state and shift vital dollars to the government that would otherwise support worthy causes. Not recognizing the unique value of the charitable deduction indicates a lack of understanding about the needs our communities are facing in the current economic climate.

The devastation brought by Hurricane Sandy appealed to our better angels. But it also depleted available donations of many individuals and organizations. It underscores that we must continue — and enhance — incentives that encourage giving, not take them away.

For years, nonprofit groups in our state have been diligently cutting while stepping up their fundraising, advocacy and volunteer recruitment efforts. An annual survey of nonprofit groups conducted by the New Jersey Center for Non-Profits shows how much the state needs its nonprofit groups.

More than two-thirds saw an increased demand in the last year, and more than three-fourths expected that trend to continue through 2013. One-third reported expenses exceeded support and revenue in the last fiscal year.

We can't afford further hits on tax incentives that encourage donors to support worthy causes. Too much is at stake. For example, charitable giving is a vital part of enabling JCC MetroWest to serve more than 15,000 people throughout a 400-square-mile region in North Jersey. JCCs are essential community

institutions, providing an array of social service, education and health and recreation services to a diverse group of neighbors. If charitable giving goes down, JCCs would be faced with scaling back operations and programs.

That means JCC MetroWest's wellness, early childhood education and after-school programs would be affected, as well as financial assistance for families seeking services and support for seniors and individuals with special needs. In fact, any further cutbacks to the Jewish Family Service of MetroWest's mental health counseling program could result in a limiting of its capacity to provide this essential service on a sliding-scale basis, reducing its availability to up to 200 at-risk community members.

That's just the potential impact on two organizations. There are thousands more just like them throughout New Jersey.

Americans understand the value of the charitable deduction. According to United Way Worldwide, nearly 80 percent of those surveyed agree that reducing or eliminating it would have a negative impact on charities and the people they serve.

Nearly two-thirds say they would have to reduce their contributions by a significant amount — by 25 percent or more.

Elected officials face tough decisions about the best ways to address our fiscal challenges, but tampering with the charitable deduction is not a solution.

If lawmakers chip away at America's strong philanthropic tradition, we will all pay a profound price. We should find solutions that encourage more giving — not less.

*Alan Feldman is chief executive officer of JCC MetroWest in West Orange. Reuben Rotman is executive director of Jewish Family Service of MetroWest New Jersey, Florham Park.*

**[http://www.nj.com/njvoices/index.ssf/2013/07/communities\\_lose\\_if\\_donations.html](http://www.nj.com/njvoices/index.ssf/2013/07/communities_lose_if_donations.html)**



## TAX-DEDUCTION CAP WORRIES PHILANTHROPIES

April 17, 2013

By Robert Wiener

Jewish philanthropy leaders were disappointed in the Obama administration's proposed cap on tax deductions for charitable contributions.

The cap, contained in President Obama's new budget plan, would reduce incentives for charitable giving, the leaders assert.

"When there is a greater demand for our community organizations to respond to the difficulties of people in need, building the capacity of those organizations should be the goal, not limiting their ability by taking away the incentive for charitable giving," wrote Jacob Toporek, executive director of the NJ State Association of Jewish Federations, in an April 9 e-mail to *NJ Jewish News*.

William Daroff, vice president for public policy and director of Jewish Federations of North America's Washington, DC, office, estimates that revenue losses to all charitable organizations will be "anywhere from three to seven billion dollars," citing the Institute for Charitable Giving at Indiana University.

"This part of the Obama budget proposal is most troubling to us," Daroff told *NJJN*. "The losses to federations would be particularly high, because most federations raise 90 percent of their funds from the top 10 percent of their donors."

"Those 10 percent tend to be the donors who are most tax code-sensitive," Daroff added. "The impact would definitely be in millions of dollars at a time when government needs to work with charities to provide a social safety net" for those lacking basic needs.

The proposal limits the amount upper-end taxpayers can deduct for donations to philanthropies. People in a 35 percent tax bracket — the top marginal tax bracket — would have their gifts capped at 28 percent, instead of being granted full tax write-offs.

Linda Czipo, executive director of the NJ Center for Nonprofits, also criticized the proposal.

"Anything that is going to discourage people from giving is a big concern," she told *NJJN*. "The nonprofit community has taken it on the chin for several years with the bad economy. This couldn't come at a worse time, and it will do much more harm than potential savings might predict."

The charitable contribution deduction is different from other itemized deductions, said Gordon Haas, chair of the Community Relations Committee of Greater MetroWest NJ, in that "it encourages individuals to give away a portion of their income to support organizations such as the Jewish Federation of Greater MetroWest NJ that provide for those in need."

The deduction, said Haas, "rewards a selfless act, and it encourages philanthropy at a time when such acts are essential."

Daroff said he is optimistic that a bipartisan effort in the House and Senate will remove the cap on charitable deductions from the final bill.

He called the budget battle a delicate “kabuki dance,” because, for the first time in five years, the House, Senate, and administration have all submitted their own budget proposals.

“We are most concerned about the discussion of tax reform now happening in the House Ways and Means Committee and Senate Finance Committee,” Daroff said. “They are now looking at ways to make the tax code simpler, and our concern is that the charitable tax deduction could fall victim as they eliminate a number of tax deductions.”

Daroff said he is also concerned with federal deductions for mortgage payments and state and local taxes. “For people in New Jersey, that is a big deal,” he said.

“We are making a case that the charitable tax deduction is a different animal than any other piece of the tax code because the recipient of the deduction does receive a direct benefit from it.”

Local federations and their associated agencies will continue to lobby to restore the full deduction, said Toporek.

“It does not alter our determination to continue to advocate — as a community and in alliance with representatives of national and state charities and nonprofits — that Congress oppose any change in the charitable deduction,” he said.

Haas said he hopes “the president and Congress will work together to continue, as is, the charitable contribution deduction to ensure that the most vulnerable among us is cared for in a compassionate manner.”

Such lobbying efforts by federations and their associated agencies are competing with even more intense debate over gun control and immigration reform on Capitol Hill.

“The noise of Washington makes it more difficult to focus on the long-term structural issues,” said Daroff. “So getting the right amount of attention on these structural issues is tough to do because, frankly, they are not as sexy and not as much in the news.”

**<http://www.njjewishnews.com/article/17095/tax-deduction-cap-worries-philanthropies#.UXrTY3DN5Sb>**

# The Paramus Post

## STATEMENT FROM NATIONAL COUNCIL OF NONPROFITS ON SEQUESTRATION CUTS AND THE DAMAGE TO NONPROFITS SERVING LOCAL COMMUNITIES

March 3, 2013

By Mel Fabrikant

National Council of Nonprofits (Council of Nonprofits) President and CEO Tim Delaney released the following statement: “While Washington lawmakers play the blame game over who is responsible for letting sequestration’s automatic spending cuts go into effect, America’s nonprofits, and the people they serve, have been the first to suffer the consequences. “Nonprofits have been in limbo for months already due to sequestration’s uncertainty, with contract renewals held up as states and localities wait to see how they are affected by the cuts. While for-profit road-builders cease laying asphalt until payments are guaranteed, nonprofits continue providing needed services in their local communities.

Nonprofits with government contracts and grants haven’t kicked at-risk children out of group homes, cut back on care for mentally ill individuals, or stopped serving meals to seniors. Instead, nonprofits have continued operations as best they could, effectively subsidizing governments.

“As the reality of sequestration cuts play out, the work of nonprofits is going to become even more difficult from multiple compounding factors as many are hit by direct funding cuts to programs, hit again as state and local governments cut their funding further to make up for their own budgets being cut, and hit a third time as people who are furloughed or laid off as part of sequestration turn to nonprofits for help in unprecedented numbers. Charitable nonprofits are already severely depleted from doing so much more, for so many more, for so much longer, with so much less; they can no longer underwrite government’s failures. Nonprofit employees and board members can no longer pick up the slack as elected officials refuse to do their jobs. “The time for playing politics is over. Real people in every community from coast-to-coast and border-to-border are being hurt. “It is time to speak up for our communities. The 13 million individuals employed by nonprofits, the 63 million who volunteer for nonprofits, and the millions more who are served daily by nonprofits all need to tell policymakers how the cuts will impact their lives. And they need to tell Congress and the President to get back to work, fix the sequester, return to regular order for the federal budget, and stop hurting the American people.”

<http://www.paramuspost.com/article.php/20130303141828448>



## FEDERATIONS ASK CONGRESS: DEFEND CHARITY DEDUCTIONS

February 20, 2013

By Robert Wiener

The NJ State Association of Jewish Federations endorsed a national effort by nonprofits to ensure income tax deductions for charitable contributions.

As a member of the Center for Non-Profits, the association backed a letter sent by the center's executive director to Rep. Bill Pascrell (NJ D-Dist. 9), a member of the House Ways and Means Committee.

Congress is debating Obama administration proposals for tax reform that would include a ceiling on the amounts taxpayers may deduct for such donations. Nonprofits worry that it will reduce a key incentive for philanthropic giving.

"Nonprofit organizations are significant employers and purchasers, pumping billions of dollars into New Jersey's economy every year," the letter reads, using an economic argument.

"Nonprofits employ nearly 10 percent of New Jersey's private workforce, generating payroll and income taxes, and helping to reduce public assistance and unemployment rolls."

William Daroff, vice president for public policy for the national Jewish Federations of North America, testified on Feb. 14 before the Ways and Means Subcommittee on Oversight. He said cutting back on such tax deductions "would cripple charities and hurt the needy they serve."

Jacob Toporek, State Association executive director, agreed with Daroff. "We want to make sure we protect these tax deductions at all costs," he told NJ Jewish News in Feb. 13 phone interview. "My feeling is that President Obama has for the last few years included a reduction in his budget messages. I get the feeling it is going to happen again.

"We helped fight on that and we were fortunate before — and I think we will be successful again this year — but the administration will definitely put it on the table. So we just have to keep at it, year in, year out," Toporek said.

Daroff, one of 42 witnesses to appear before the committee, testified that the nation's 150 Jewish federations form "the second-largest philanthropic network in North America."

Daroff — who is also director of JFNA's Washington office — argued that "tax incentives do result in increased charitable giving" and any limits on them would "cripple our ability to provide needed social services to the most vulnerable among us."

"At a time when government funding at all levels is shrinking, charities are needed to fill the gap that government cannot address," he said.

Daroff acknowledged that the Jewish values of tzedaka, or philanthropy, and tikun olam, or social action, "transcend the tax code," but, he added, tax deductions "lead to increased donations."

<http://www.njjewishnews.com/article/16424/federations-ask-congress-defend-charity-deductions#.UVj7oxfBOSp>