DON’T TAMPER WITH CHARITABLE DEDUCTION: BILL KITSON

April 06, 2013
By Bill Kitson

Lawmakers in Washington, D.C., are considering tampering with a 100-year-old American tradition that encourages charitable giving and benefits hundreds of thousands of Cleveland residents.

In the **budget passed by the Senate**, there is a provision to cap or limit itemized tax deductions -- including the charitable deduction, which allows donors to deduct charitable gifts. Reducing or eliminating this tax provision would redirect vital charitable dollars to help plug the federal deficit, reduce donations to nonprofits by billions of dollars and cut or eliminate vital services for millions of people.

We know the important role the nonprofit sector plays in communities throughout America and in our area. **United Way of Greater Cleveland** benefits 450,000 area residents who rely on the generosity of donors and volunteers to help sustain key programs and services -- including food pantries to feed those who are hungry, mentoring and tutoring services to help our kids graduate and health-management assistance for residents with chronic illnesses.

The charitable deduction is different than other itemized deductions -- and it works. It rewards a selfless act, encouraging individuals to give part of their income to worthy causes. In 2011, Americans gave nearly $300 billion to support a multitude of worthy causes. For every $1 a donor deducts, communities receive as much as $3 of benefit. It's unlikely government could find a better way to leverage private investment in community services.

Here in Cleveland, the charitable community is the single largest supporter of United Way 2-1-1, which provides coverage for seven counties or 1.9 million people and answered 252,000 calls for help last year, a 33 percent increase in the past five years. Our MedRefer program identified $2.5 million worth of prescription benefits in the past five years for people who can't afford their prescriptions.

Limiting or capping the charitable deduction defies logic, particularly when we are still reeling from the effects of the recession -- increased demand for services that heal, educate and innovate -- with fewer resources to get the job done.

In fact, a **new survey from the Nonprofit Finance Fund** reveals that, for the first time since the survey was conducted five years ago, more than half of the 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.

Now more than ever, our community relies on the power of charitable giving to respond to the growing need. According to The New York Times, last year, nearly 60 percent of Cleveland’s poor, once concentrated in its urban core, now live in its suburbs. Forty percent of United Way 2-1-1 calls come from the suburbs and the No. 1 request is for food. Nationwide, 55 percent of the poor population in metropolitan areas is now in the suburbs.

Charitable giving supports real, positive change in our communities. For example, the Earned Income Tax Credit initiative in Cuyahoga County provided free tax preparation for some 10,000 families and individuals and returned $13 million to our community to help poor working families out of poverty. Americans certainly understand the value of giving and the charitable deduction. According to a public opinion poll conducted by United Way Worldwide last November, nearly 80 percent of Americans agree reducing or eliminating it would have a negative impact on charities and the people they serve. Nearly two-thirds would have to reduce their contributions by a significant amount -- 25 percent or more.
Without the continued support of generous Americans, nonprofits will be forced to slash or abandon their work. If lawmakers tamper with the charitable deduction, we risk losing our ability to provide food and shelter, prepare our children for success in school and work, help families become financially stable and strengthen health care services for our most vulnerable populations.

Elected leaders have tough decisions to make about how to tackle the nation’s fiscal challenges without hurting our communities. Reducing the value of the charitable deduction is not a solution. We must protect this century-old tradition and ensure crucial efforts can continue to create opportunities and economic growth, spur innovation and support those in need.

*Bill Kitson is the president and CEO of United Way of Greater Cleveland.*

ALLEN: ATTACK ON CHARITY DEDUCTION IS A CIVIC THREAT

May 24, 2013
By Suzanne Allen

As federal lawmakers head into a period of intense debate on the budget and tax reform, there is urgent concern they are seriously considering unraveling a 100-year-old American tradition that encourages charitable giving and benefits millions of people throughout the country. In jeopardy is the provision that allows taxpayers to deduct donations to charities.

About one-quarter of all taxpayers in Ohio use this deduction, which is designed to encourage donors to support worthy causes. That’s 1.33 million Ohioans. Add up the donations they made to charities in 2010 and it comes to an incredible $5 billion.

And people at virtually every income level take advantage of the deduction. About 25 percent of the 1.3 million Ohioans who itemized their deductions made less than $50,000 a year and together they gave $638 million to charities. About two-thirds had income between $50,000 and $200,000 and they gave $2.58 billion.

While elected officials express support for the value of charitable giving, proposals on the table indicate a real threat to incentives that encourage this kind of generosity. Consider President Barack Obama’s proposed budget, which calls for a limit on the amount taxpayers can claim for their charitable contributions. Such a move puts at risk billions of dollars in donations and could spell disaster for Ohio’s nonprofits, the nearly 483,000 people who work for them and the hundreds of thousands of people who rely on them for help. That’s why the philanthropic sector, including Philanthropy Ohio, is acting now to make sure elected officials understand what is at stake.

Limiting the charitable deduction defies logic, particularly when we are still reeling from the effects of the recession, with Ohio’s unemployment rate hovering at 7 percent and an increased demand for social services with fewer resources to get the job done.

In fact, a recent survey from the Nonprofit Finance Fund reveals half of Ohio charities say they could not meet demands for assistance last year and expect that to increase this year. One in three had less than 30 days’ cash in hand.

Americans see the value of giving and the charitable deduction. According to a recent poll conducted by United Way Worldwide, nearly 80 percent of Americans agree reducing or eliminating it would have a negative effect on charities and the people they serve. Nearly two-thirds would reduce their contributions by 25 percent or more.

The charitable deduction is an effective way for individuals to invest in their communities, and it works. Together, philanthropy and nonprofits spur innovation, aid the most vulnerable, provide relief in a crisis, support education and health, advance cures and scientific breakthroughs, enhance the arts and make investments that fuel economic growth.

You don’t have to look very far to see or experience the inextricable link between charitable giving and thriving communities. The Mid-Ohio Foodbank, for example, relies on individuals who provide more than 50 percent of its revenue each year. That’s 50,000 donations, with more than $5 million going to feed hungry people throughout Central Ohio.

Without the continued support of generous individuals, nonprofits will be forced to slash or abandon their work. If lawmakers tamper with the charitable deduction, we risk losing our ability to provide food and
shelter, prepare our children for success in school and work, help families become financially stable and strengthen health-care services for our most vulnerable populations.

Tough decisions must be made to tackle the nation’s fiscal challenges without hurting our communities. We understand that. But reducing the value of the charitable deduction is not a solution. We should be working together to find ways to encourage more giving, not less. We hope Ohio’s congressional delegation, including U.S. Sens. Sherrod Brown and Rob Portman who serve on the Senate Finance Committee, and Rep. Pat Tiberi on the House Ways and Means Committee will stand up for the charitable deduction.

*Suzanne Allen is president of Philanthropy Ohio.*

http://www.bizjournals.com/columbus/print-edition/2013/05/24/allen-attack-on-charity-deduction-is.html?page=all
OPINION: BENEFICIAL TAX POLICIES AT RISK

July 31, 2013
By Rob Reifsnyder and Kathy Merchant

Congress has justifiably entered an intense period of debate on the national budget and federal taxes. As a result, there is growing and urgent concern that Congress may seriously consider undoing a uniquely American tradition that encourages charitable giving and important tax credits that benefit thousands of people in the region.

The tax policies of concern are the charitable giving deduction, the Earned Income Tax Credit (EITC) and the Child Tax Credit.

Sens. Max Baucus, a Democrat, and Orrin Hatch, a Republican, chair and ranking member respectively of the Finance Committee, recommended wiping the tax code clean and starting from scratch.

They asked their colleagues to submit priorities for tax provisions that result in a simpler, more efficient and fairer tax code – while upholding important policy objectives.

The charitable giving deduction is a unique and effective way for individuals to invest in their communities and see the return on that investment firsthand.

Through philanthropy, the private sector and the nonprofit sector work together to spur innovation, aid the most vulnerable, provide relief in a crisis, support education and health, advance cures and scientific breakthroughs, enhance the arts, make investments that fuel economic growth and more.

In Ohio and Kentucky, about one-quarter of all taxpayers use this deduction, which is designed to encourage donors to support worthy causes: that’s 1.3 million Ohioans and approximately 440,000 Kentuckians.

Add up the donations they made to charities in 2011 and it comes to nearly $7 billion.

People at virtually every income level take advantage of the charitable deduction.

About 25 percent of itemizers in both states made less than $50,000 a year, and together they gave $872 million to charities.

About two-thirds had income between $50,000 and $200,000 and gave $3.5 billion.

The EITC, which provides a refund to low-income working families, was enacted under President Gerald Ford and has received bipartisan support under the last five presidents.

Research shows the EITC has been more effective at increasing employment for low-income women than welfare reform or a strong economy.

The Child Tax Credit is a refund to help offset the cost of raising a child.

It was expanded under President George W. Bush from $500 per child under 17 to $1,000.

Combined, the EITC and the Child Tax Credit lift an average of 419,000 people in Kentucky and Ohio out of poverty every year – including 219,000 children.
This pathway out of poverty is critical for young children.

A growing body of research shows that lifting low-income families’ income when a child is young improves a child’s immediate well-being and performance in school.

Over a lifetime, a child who experiences some financial stability at home proves to have better overall health, achieves higher levels of education and higher earnings in adulthood.

A belief in the power of philanthropy, the importance of a hard day’s work for an honest wage that can support a family and a desire to end the cycle of poverty: all are values that make up our national bedrock.

Out of these aspirations have come clear policy objectives supported by tax policies that work – the charitable deduction to incentivize giving, the EITC to encourage work and supplement low-wages and the Child Tax Credit that, when combined with the EITC, lifts families and children out of poverty.

Tax reform that limits these effective policies could put at risk billions of dollars in donations and severely hurt local families, children and the economy.

All told, if the ability of nonprofits is seriously limited by declining resources and families are ill-equipped to persist in the workforce and care for their children, achieving our national goals of economic competitiveness will be hard won.

Achieving our community’s goals in education, income and health – already a bold endeavor – will become a much steeper climb.

United Way and the Greater Cincinnati Foundation, together with our agency partners and donors, are acting now to make sure elected officials understand what is at stake.

Please contact your member of Congress today to share your support for these important policies.

Rob Reifsnyder is president of United Way of Greater Cincinnati. Kathy Merchant is president and CEO of the Greater Cincinnati Foundation.

http://news.cincinnati.com/article/20130731/EDIT02/307310048/OPINION-Beneficial-tax-policies-at-risk?gcheck=1