



PRESERVE THE CHARITABLE DEDUCTION

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By Barbara Sieck Taylor

We should do more to support philanthropy, not less

Federal lawmakers are heading into an intense period of policy debate regarding the budget, deficit reduction and comprehensive tax reform. The chairs of Congress's two tax-writing committees, Rep. Dave Camp, R-Mich., and Sen. Max Baucus, D-Mont., have just launched a "road show" of visits around the country. Their next stop is today in Philadelphia, where they will hear about the impact of proposed tax reforms.

As part of tax reform, policy makers are seriously considering unraveling the tax deduction for charitable gifts: a 100-year-old American tradition that benefits millions of people in greater Pittsburgh and throughout the country. While lawmakers express support for the value and impact of charitable giving, proposals under consideration by both House and Senate committees suggest there is a very real threat to the incentive for this generosity.

That's why Grantmakers of Western Pennsylvania and other members of the philanthropic sector are working to make sure our elected officials understand what is at stake.

The tax deduction for charitable giving is a unique and 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, make investments that fuel economic growth and more. While our elected officials are charged with making decisions regarding our tax dollars, private charitable giving represents another kind of "vote" every one of us can make in support of the values we cherish and the social support networks we favor.

You don't have to look far to see the link between charitable giving and thriving communities. Here in southwestern Pennsylvania, contributed support to human-services agencies helps ensure that disadvantaged people have assistance to build a better life for themselves. Generous donations to museums, libraries and performing-arts organizations enhance our nationally recognized quality of life. Private support for efforts like the Pittsburgh Promise prepare local students for a bright future, and the philanthropic investments made in universities and hospitals over the past three decades have helped rebuild the regional economy and create jobs.

In 2012, Americans gave some \$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 our communities.

It's also important to recognize that donors of all income levels take advantage of the incentive to give. In 2010, about one in three taxpayers in Pennsylvania took advantage of the charitable deduction -- that's more than 1.5 million Pennsylvanians. More than two-thirds of them reported an annual household income between \$50,000 and \$200,000. Add up the charitable contributions that Pennsylvanians made that year and it comes to an incredible \$5.8 billion.

Nonprofit agencies put those contributions to work educating children, caring for seniors and assisting disadvantaged neighbors. But nonprofits are caught in a tightening financial vise. A recent survey from the Nonprofit Finance Fund reveals that more than half of responding charities say they could not meet demands for assistance last year and that they expect demand to increase. One in four had less than 30

days' cash in hand. With nonprofits facing rising demand as well as cuts in government funding, why would we choose this moment to weaken an incentive for private giving?

Americans understand the value of giving and the charitable deduction. According to a recent poll conducted by United Way Worldwide, nearly 80 percent of Americans 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 own contributions significantly -- by 25 percent or more.

Without continued support from generous Americans, nonprofits would be forced to slash or abandon their work. If lawmakers tamper with the charitable deduction, we are risking our community's capacity to provide food and shelter, prepare our children for success in school and work, help families become financially stable and serve our most vulnerable citizens.

One way the charitable sector is making its case is through TaxReform.gov and a Twitter page -- @simplertaxes -- two online resources launched by lawmakers to solicit public input on the issue. Grantmakers of Western Pennsylvania is joining with national networks like the Charitable Giving Coalition to make sure our leaders understand what is at stake -- but it is just as important that lawmakers hear from the public about the value of private giving.

The philanthropy community understands that tough decisions must be made to tackle the nation's fiscal challenges. But limiting the charitable deduction is not the solution. Let Congress know: We should find ways to encourage more charitable giving, not less.

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<http://www.post-gazette.com/stories/opinion/perspectives/preserve-the-charitable-deduction-697259/#ixzz2aU66piH9>