



EL PASO FUNDERS GROUP: CONGRESS, PRESIDENT MUST PRESERVE CHARITABLE DEDUCTIONS

September 8, 2013

By the El Paso Funders Group

Editor's note: This column is written by the El Paso Funders Group, an informal coalition of El Paso foundations, non-profits, corporate, and public funders dedicated to serving the diverse needs of our community.

In the early 1800s, a French scholar named Alexis Charles-Henri Clerel de Tocqueville traveled to the United States. His observations were the basis of his work, "Democracy in America," a study of American society and politics. One of his most important observations was Americans unique willingness to work for the public welfare and to lend support to neighbors, especially in times of need.

This week, lawmakers return to Washington, and on their agenda is continued debate on the budget, deficit reduction and tax reform. Included in their ongoing efforts, policy makers are deliberating changes to charitable tax deductions.

Congressional members voice their support of charitable giving and the value of non-profits to communities throughout the nation, yet both houses of Congress and President Obama are currently considering tax changes that could substantially reduce charitable giving.

The partnership of charitable giving and non-profit organizations is one of the most traditional tenets of America. It should also be noted that donors of all income levels take advantage of the charitable tax deduction.

As Americans, we value the institution of giving and the charitable tax deduction that began 100 years ago. Donor contributions to non-profits are investments in the overall wellbeing and fabric of our community--providing quality early childhood education; safe places for children after school; caring for our elderly and disabled; providing secure shelters for homeless families and victims of domestic violence; offering arts and music programs in schools; supporting individuals and families struggling with illness; and so much, much more.

Changes in charitable deductions -- even a cap on deductibility -- would also harm medical research centers, performing arts organizations and museums. Churches could feel the effect. Any reduction in funding to charities would impact our community.

United Way Worldwide recently released results of a survey that indicates nearly 80 percent of Americans agree that reducing or eliminating the charitable tax deduction 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.

Non-profits are also a critical sector of our economy. According to studies by Independent Sector, non-profits and foundations employ nearly 13 million people and account for 5.5 percent of our GDP. They have more than 62 million volunteers providing more than 8 billion hours of service - the equivalent of another 4 million jobs, worth more than \$170 billion.

In 2012, Americans gave more than \$300 billion to support thousands of causes. For every \$1 a donor deducts, communities receive as much as \$3 of benefit. According to The Chronicle of Philanthropy, when it comes to charitable giving, Texas residents are among the most generous. Using 2008 data from the Internal Revenue Service -- the most recent available -- Texas ranked 13th among the most generous states. El Pasoans contributions, from the same IRS data source, were \$105,757,770.

Now more than ever, El Paso's non-profit sector is depending on the community's generosity. Tocqueville's studies ring true today, more than 180 years later, and we are counting on the support of our neighbors and countrymen. We encourage more giving, not less.

Members of El Paso Funders Group join together to strongly urge Congress and President Obama to support the tireless work of non-profits in communities and to preserve the ever important charitable tax deduction.

http://www.elpasotimes.com/opinion/ci_24040823/el-paso-funders-group-congress-president-must-preserve



CHARITIES SAY DON'T CHANGE TAX DEDUCTIONS

February 17, 2013

By John Austin

Senior citizens here and across the nation may well go hungry if legislators limit deductions for charitable contributions, Vinsen Faris, executive director of Meals-on-Wheels of Johnson and Ellis Counties, told lawmakers in Washington, D.C., last week.

“We should not be contemplating options that would reduce, cap or limit charitable donations,” Faris said in testimony before the House Ways and Means Committee on Thursday. “On the contrary, the committee should be seeking ways that will encourage more Americans to increase their philanthropic giving to valuable and impactful causes.”

The committee is mulling changes to the itemized deduction for charitable contributions as part of its work on comprehensive tax reform.

“Let me be clear on this point — we want to hear from this community before considering proposals,” Committee Chairman Dave Camp, R-Mich., said in a statement. “This hearing is not about you responding to what we have already done. Instead, it is about gathering your input so that any policies that might be considered will be crafted with you and the communities you serve in mind.”

President Obama has proposed capping charitable deductions at 28 percent for taxpayers in the three top brackets.

Lawmakers on both sides of the aisle are eyeing the deduction, now 96 years old, in hopes of helping cut the budget deficit or trimming tax rates.

But not-for-profit executives told the committee that the changes could cripple charitable giving. Under one proposal to cap deductions, giving could fall by an estimated 2.5 percent to 4.8 percent, according to a Tax Policy Center analysis cited by Reuters.

Charitable giving in the U.S. increased in 2010 and 2011, according to the latest data. But it has yet to fully return to pre-recession levels, according to data from the Giving USA Foundation and the Indiana University School of Philanthropy, The Associated Press reports. Charitable giving by individuals, foundations and corporations topped \$298 billion in 2011. In 2007, it was \$337 billion, in inflation-adjusted dollars.

Americans give \$3 billion annually; some of the money goes to help folks such as a Johnson County resident named Emily, an 88-year-old retired nurse with severe osteoporosis who is a Meals on Wheels client, Faris said.

“Keeping seniors in their homes and out of hospitals and nursing homes is critical to controlling health-care costs and reducing our national debt,” said Faris, who also chairs Meals On Wheels Association of America. “According to a Brown University study released in December, states that spend more on home-delivered meals for seniors see reductions in nursing home populations.”

Proponents of changes to the tax break say it helps only the one-third of taxpayers who itemize their deductions, especially those with big incomes who can give the most.

“According to our January 2013 membership survey, over 90 percent of Meals on Wheels programs rely on individual donations from American citizens,” Faris said in a five-minute statement to the committee

that was broadcast live. “Of those, most give modest amounts — about \$200. And, now we are facing proposals that would have the effect of limiting or reducing charitable giving. These proposals would only compound the reduction in donations nonprofits have seen since the onset of the recession. A survey by the United Way of America claims an estimated 30 percent of taxpayers that use the deduction would scale back on giving if the benefit was reduced or eliminated.”

The committee drew about 40 speakers from a variety of not-for-profit organizations. Jake Schrum, former president of Texas Wesleyan University, was also a panelist.

“While charitable giving is a voluntary act, driven by a desire to do good, to have impact, and to give back, tax incentives do play a role in encouraging donors to accelerate giving. Major donors to our institutions often base the size and timing of their gifts, at least in part, on tax considerations,” Schrum said. “And major donors are exactly the taxpayers who would be most affected by proposals that limit the value of the charitable deduction. These are the donors who have the resources to give to charitable organizations consistently, and our tax policy should encourage them to continue to give generously. Proposals that cap the value of the charitable deduction, whether a hard dollar cap or a percentage of income cap, do the opposite — they reduce the incentive for donors to give additional dollars to educational institutions and other charitable organizations.

“High-income donors who give little or nothing to charity would be unaffected by a cap on the charitable deduction. Instead, a cap would target the most generous high-income donors, individuals and families who want to make large gifts to educational institutions or other charitable organizations,” said Schrum, now president of Southwestern University in Georgetown, Texas. “Why would Congress want to penalize individuals who want to give more of their wealth away, particularly at a time of rapidly increasing wealth disparities?”

In a telephone call on Friday, Faris said he did not expect any action on the deduction issue for at least 12 months.

“It was a great experience. I hope I added to the dialogue,” Faris said. “Work in the charitable world is not a blue or red issue, it’s for the public benefit.”

Still, it’s political too.

“People give from the heart,” Faris said, “but the amount they give sometimes depends on the charitable deduction they’re given.”

<http://www.cleburnetimesreview.com/local/x503854568/Charities-say-don-t-change-tax-deductions>