

Alexandria Times

12/5/13 — THE SEASON OF GIVING BACK

December 5, 2013

By John Porter, Executive Director, ACT for Alexandria

To the editor:

More than any other time of year, this is the season when we reflect on what we have and what matters most to us: our loved ones, our neighbors and our community. It also is a time that inspires us to give to those in need and support worthy charitable causes.

Alexandria has been recognized as one of the most charitable communities online the past few years. This important distinction says much about the caring and concern that we show for others

This year, in particular, is an especially important time to give. The need is great and growing. The charitable-giving climate is changing, and the threat is urgent.

Charitable-giving incentives are in jeopardy. Lawmakers in Washington are considering harmful limits to the charitable tax deduction.

Any limits to this deduction will unleash serious consequences in our communities. When you take away incentives to give, donations decline and people who rely on the programs and services provided by nonprofits suffer the most.

Charities also are struggling more than ever. The belt-tightening that started with the recession was exacerbated by the sequester and federal government shutdown.

Nonprofits are finding it harder and harder to provide services because the need is growing while funding is shrinking. The Nonprofit Finance Fund reports that most nonprofits have seen a higher demand for services since 2008. The trend has grown in recent years and is expected to continue through this year.

Alexandria faces tough challenges. With the free- and reduced-lunch rate in our public schools approaching 60 percent, it's clear that many youth and their families are in need of support from others in the community — they simply can't do it alone.

So, what to do? With the right planning, donors can make the most of this year's giving season:

- Giving represents a win-win for the donor and the beneficiary. The stock markets are way up this year: S&P 500 is up more than 25 percent, the Dow Jones industrial average is up more than 22 percent and Nasdaq is up more than 30 percent based on recent figures. So the time is now for gifting appreciated stock shares (rather than cash) to charities. The reason? Gifts of appreciated securities cost donors less and benefit their charity more than if the donor first sold the stock, paid the capital gains taxes on the sale and then donated the remaining proceeds to the charity. The donor receives a greater tax deduction by giving the stock directly to the charity and avoids paying capital gains taxes.
- What if you want to give but aren't sure to what cause? Open a donor advised fund by depositing securities or cash, receive an immediate tax deduction, and decide where you want to give as you come across nonprofits you support.

These approaches certainly encourage giving and help maximize your gift, but it's not really about the donor. To be clear, the generosity of donors is vital to the success and survival of charitable organizations in our community.

It's really more about what the donors' dollars do to help families and communities in need: educating our young people, creating job opportunities, improving our health and enriching our lives through cultural activities.

For centuries, giving back has been woven into the fabric of our society. We give because it's the right thing to do. We do it out of compassion for the most vulnerable and a commitment to building a stronger community. Regardless of our station in life, we are fortunate to have a variety of ways to donate our time and money for the causes we care about.

That's the true value of giving.

<http://alextimes.com/2013/12/the-season-of-giving-back/>



MY VIEW: ALEXANDRIA WILL SUFFER IF CONGRESS EXPERIMENTS WITH CHARITABLE TAX DEDUCTIONS

November 14, 2013

By John Porter

The recent fiscal turmoil in Washington serves as a poignant reminder of the importance of the strength and stability of America's charitable sector.

When political indecision halted many programs and services, nonprofits in communities across the country — once again — stepped up to help those in need. Community foundations, like ACT for Alexandria, were part of this lifeline.

As the government returns to normal and we celebrate Community Foundation Week — now through Monday — it's important to remember the value of local foundations, and nonprofits in general. And what better time to reaffirm our support of the charitable sector and all that it means to our nation's success.

That said, Congress is about to consider federal tax reform that could cut or limit incentives for charitable giving, specifically the charitable tax deduction. That decision will have broad ramifications; it could hurt our community and thousands of people who rely on programs and services provided by Alexandria nonprofits.

Let's be clear. The charitable deduction is not about donors; it's about what donors' dollars do to aid those in need. Eliminating or reducing charitable deductions will have significant consequences for our community. Consider these:

- Nonprofits face an increased demand for services — which became more dramatic with the recession and recent government shutdown — with dwindling dollars to meet this crisis. They are asked to do more with less. ALIVE!, a local agency that provides food to struggling Alexandrians, noted a significant spike in people in need from a prerecession average of 1,600 people per month to more than 2,100 in 2011. This represents a 35-percent increase. At the same time, the cost of food has grown substantially for ALIVE!, mainly because of the decrease of free items from the U.S. Department of Agriculture food program.
- The local nonprofit sector employs more than 10,000 people, making up almost 11 percent of Alexandria's workforce. Statewide, nonprofits employ nearly 20 times as many workers as Virginia's utilities industry, five times as many as the information industry, and three times as many as the finance and insurance industry.
- Nationally, nonprofits — some of the largest are based in Alexandria — generate billions each year in economic activity through goods, services and wages. Nonprofits are a major economic force in our community. In Virginia, nonprofits generate nearly \$1.3 billion in state and federal tax revenue.
- If the charitable tax deduction were reduced or eliminated, nonprofits would lose their ability to effectively provide food, shelter, educational support, health services and more — all vital components of a thriving community. Conservative estimates indicate that even limiting, or capping the charitable tax deduction could drastically reduce giving nationally by \$5.6 billion each year. Other estimates go as high as twice that amount. Either way, dramatic reductions in charitable giving would seriously impede the ability of nonprofits that provide crucial, on-the-ground services to those most in need.

It's clear: Millions of Americans depend on a network of highly effective, compassionate organizations that provide jobs, economic development, food, shelter, places of worship and countless other services. Nearly all depend on charitable giving for their survival.

The 2012 Giving USA report states that more than 80 percent of the nearly \$229 billion in individual philanthropy came from taxpayers who itemized their charitable contributions — and receive a charitable deduction. Without this incentive, would they give? Would they give as much?

One thing is for certain: Lawmakers shouldn't experiment with the charitable tax deduction when so much is at stake.

The writer is the executive director of ACT for Alexandria.

<http://alextimes.com/2013/11/my-view-alexandria-will-suffer-if-congress-experiments-with-charitable-tax-deductions/>