



*Protecting America's Strong Tradition of Giving*

Dear Secretary Clinton:

On behalf of the Charitable Giving Coalition—a diverse group representing America's charitable sector including public charities, more than 40 private and community foundations and their grantees, as well as nonprofit organizations and the associations and umbrella groups that serve their needs—we write to urge you to protect charitable giving incentives, particularly the charitable deduction, in any tax reform proposals under consideration.

The charitable deduction is different than other itemized deductions in that it encourages individuals to give away a portion of their income to those in need. It rewards a selfless act, and it encourages taxpayers to give more funds to charities than they would otherwise give.

Any proposal to limit, cap, or eliminate the charitable deduction would have devastating effects on nonprofits and society. Unlike with other deductions, taxpayers can—and will—adjust their levels of charitable contributions in response to tax code changes. For example, a 28-percent cap on the charitable deduction could cost charities up to \$9.4 billion in the first year alone. Similarly, placing a hard dollar cap or an adjusted gross income floor could impose even more severe penalties on charities in the form of a larger decrease in contributions. It is estimated that an outright elimination of the charitable deduction would reduce GDP by \$40 billion and cost 131,000 full-time workers their jobs.

Instead of considering proposals that would curtail charitable giving, we urge you to consider incentives that would increase charitable giving, such as excluding charitable gifts from taxation, including the implementation of an above-the-line deduction. In an above-the-line scenario, contributions would be subtracted before arriving at adjusted gross income. This suggested change creates a charitable giving incentive for all taxpayers, not just those who itemize their deductions.

A calculation of the deduction suggests that those in need receive \$2.50 of benefit for every \$1 of tax benefit going to the donor. No other tax provision generates that kind of positive public impact. According to Giving USA, Americans gave over \$373 billion (the highest total ever recorded over the past 60 years) to support charitable causes in 2015, much of which is claimed as a charitable tax deduction.

Furthermore, nonprofit organizations that rely on charitable gifts to provide valuable services to communities have a powerful impact on the American economy. These

organizations generate \$1.1 trillion every year in the form of jobs and services. One in 10 U.S. workers is employed by the nonprofit sector, which provides 13.7 million jobs. Employees of nonprofit organizations received roughly 9 percent of wages paid in the U.S., and the nonprofit sector paid \$587.7 billion in wages and benefits.

As charities struggle to raise additional funds to meet increased demands for their services, we ought to encourage Americans to be more generous, not send a signal that giving is less important.

We congratulate you on your nomination for President of the United States. We look forward to working with you and your staff on this important issue and are happy to act as a resource to you regarding philanthropy and charitable giving.

Sincerely,

The Charitable Giving Coalition