November 14, 2012

The President
The White House
1600 Pennsylvania Avenue
Washington, D.C.  20500

Dear Mr. President:

The Charitable Giving Coalition, representing a broad cross-section of nonprofit organizations across the country, congratulates you on your re-election. On behalf of the millions of people who depend on our programs and services, we look forward to continuing to work with you to strengthen the impact of nonprofits in communities throughout America.

As your administration and Congress take up tax reform, deficit reduction and the fiscal cliff, we urge you not to impose any limit or cap on the charitable deduction, including your proposed cap limiting all itemized deductions at 28 percent for certain taxpayers. We request an opportunity to brief you and your staff on the impact a proposed reduction to the charitable deduction would have on those we serve.

Now is the time to maintain incentives to support the crucial work of the nonprofit sector – developing medications, improving education and health, protecting the environment, creating jobs, and enhancing arts and culture.

America’s economic recovery requires a strong philanthropic sector, whose role as an investor in innovation and supporter of safety net services is more important than ever for a faster, sustainable economic recovery. This is particularly true as local, state and federal budgets decrease and nonprofits continue to suffer the consequences of America’s recession – increased demand for services with significantly fewer resources to get the job done.

Nonprofits and charitable organizations supported through the generosity of millions of Americans have been crucial during times of crisis, particularly in the wake of natural disasters like Hurricane Sandy. As you can imagine, any cap or limitation on charitable deductions undermines charitable giving and would have long-lasting negative consequences.

Additionally, nonprofits generate $1.1 trillion every year in the form of jobs and services. One in 10 U.S. workers are employed by the nonprofit sector, which provides 13.5 million jobs, or approximately 10 percent of the country's workforce. Employees of nonprofit organizations received roughly 9 percent of wages paid in the U.S. in 2009, and the nonprofit sector paid $668 billion in wages and benefits to its employees.

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 to charities than they would otherwise have given. Data
suggests that for every dollar a donor gets in tax relief for his or her donation, the public typically receives three dollars of benefit. No other tax provision generates that kind of positive public impact.

In 2011, individuals gave nearly $300 billion to support charitable causes, according to Giving USA. Much of that is claimed as a charitable deduction by millions of taxpayers each year, meaning they are not subjected to federal income taxes on money they give away to charities. Higher income taxpayers account for the majority of individual giving. According to a recent Congressional Budget Office report on the tax treatment of charitable giving, tax filers who reported an adjusted gross income of at least $100,000 in 2008 were responsible for well over half (about 58 percent) of all charitable giving by taxpayers.

People give to worthwhile causes for many reasons—incentives such as tax deductions being among them. Tax incentives make more and larger gifts possible, and they do have an impact on donors. A recent 2012 study found that 33 percent of donors surveyed would reduce their giving if the charitable deduction did not exist. A survey conducted earlier this year showed three out of four Americans say they do not favor cutting, capping or limiting the charitable tax deduction.

Tax policy experts have also noted that charitable giving is more sensitive to tax changes compared to other deductible payments such as local taxes and mortgage interest because taxpayers generally cannot adjust or modify their local taxes or mortgage payments. However, taxpayers can adjust their levels of charitable contributions quite easily in response to tax code changes.

As you continue to work through 2012 and prepare for your second term, we urge you to protect the current charitable deduction to promote a vibrant charitable sector and the benefits the sector provides to the economy and the American public. That’s why the Charitable Giving Coalition is speaking out to protect a 100-year American tradition of giving back and strengthening communities.

We will be in touch soon to confirm a date and time to meet with you and your staff to discuss the unique value of the charitable deduction to our communities. We look forward to continuing to work with you to strengthen the impact of nonprofits in communities throughout America and the millions of people who depend on their programs and services.

Sincerely,

Association of Fundraising Professionals, Chair
Alliance for Charitable Reform
Alliance for Children and Families
Alliance of Nonprofit Mailers
American Alliance of Museums
American Institute for Cancer Research
American Red Cross
American Society of Association Executives
Association of Gospel Rescue Missions
Association for Healthcare Philanthropy
Association of Direct Response Fundraising Counsel
Association of Art Museum Directors
Council for Advancement and Support of Education
Council for American Private Education
The Council on Foundations
DMA Nonprofit Federation
Dunham+Company
ECFA
Educational Media Foundation
Goodwill Industries International
Independent Sector
The Jewish Federations of North America
League of American Orchestras
National Association of Independent Schools
The National Catholic Development Conference
Partnership for Philanthropic Planning
The Philanthropy Roundtable
The Salvation Army
Theatre Communications Group
United Neighborhood Centers of America
United Way Worldwide
Volunteers of America
YMCA of the USA