



The Charitable Giving Coalition urges you to support the expansion and extension of the universal charitable deduction to encourage all taxpayers to give more to charity during these challenging times and as the nation recovers and rebuilds.

The Charitable Deduction Works

- Generous Americans have given more than \$400 billion annually for the past 10 years.¹ Charitable dollars are essential to maintaining a healthy civil society, vital to both nonprofit charities and local governments that depend on these resources to achieve their critical missions.
- The charitable deduction is **good tax policy** – it encourages individuals to **give away** more of their income, devoting it to their community's needs rather than their own. A simple calculation shows that those in need receive \$2.50 in benefit for every \$1 of tax benefit. This is an impressive return on investment.

Charitable Giving Has Increased Since Enactment of Universal Charitable Deduction

- In March 2020, Congress enacted a \$300 charitable deduction for cash gifts from nonitemizers for 2020. Since then, the amount of charitable giving – especially of gifts less than the \$300 cap – has seen a significant increase.
- According to data from the Fundraising Effectiveness Project (FEP)², individual giving in the first nine months of 2020 increased 7.6 percent compared to the same period in 2019, and the number of donors increased by 6 percent over the same period. These increases take into account decreases in both givers and charitable giving totals in the first quarter, meaning the uptick happened from April through September.
- The FEP report also shows a 17.1 percent uptick in donors giving less than \$250, which outpaced the increase in larger gifts. While we know there are many factors that contribute to increased donations, one contributing factor is likely the availability of the charitable deduction to nonitemizers.

Congress Should Enact the Universal Giving Pandemic Response and Recovery Act (S. 618, H.R. 1704)

- In December, Congress extended the universal charitable deduction availability through 2021 and increased the cap to \$600 for joint filers. We are grateful for this change, but Congress can do more to make giving incentives fair for all taxpayers and to strengthen and expand this incentive. This will help charitable organizations achieve their missions and support their workforces and communities as our nation recovers from the current and future crises.
- The Center for Civil Society Studies at John Hopkins University estimates around 930,000 jobs – 7.3 percent of the charitable sector workforce – were lost in 2020, underscoring how difficult the year was for the philanthropic sector.³
- Congress can help alleviate some of the difficulties the sector is facing by enacting the Universal Giving Pandemic Response and Recovery Act led by a bipartisan, bicameral group of lawmakers, including Sens. James Lankford (R-OK), Chris Coons (D-DE), Mike Lee (R-UT), Jeanne Shaheen (D-NH), Tim Scott (R-SC), Amy Klobuchar (D-MN), Susan Collins (R-ME), Catherine Cortez Masto (D-NV) and Reps. Chris Pappas (D-NH) and Jackie Walorski (R-IN). The legislation would raise the \$300/\$600 cap to roughly \$4,000 for individuals/\$8,000 for couples, extend the availability of the deduction to the 2022 tax year and eliminate the current exclusion of gifts to donor-advised funds, helping to spur even more giving as communities continue to fight and recover from COVID-19 and its economic effects.
- This legislation will democratize giving by further incentivizing all American taxpayers—regardless of their income—to give to charity, thereby ensuring that our country retains a strong and independent civil society. And it will provide needed resources for charitable and faith-based organizations to continue providing vital services to families, workers, and communities, especially those critically impacted by the ongoing pandemic.

Charitable Giving Coalition Hill Working Group Contact: Brian Flahaven, Vice President, Strategic Partnerships, Council for Advancement and Support of Education (CASE), flahaven@case.org, 202-478-5617.

¹ <https://www.campbellcompany.com/news/giving-usa-2019-release>

² <https://afpglobal.org/fepreports>

³ <http://ccss.jhu.edu/december-jobs/>