



Charitable giving is a cherished American tradition, providing vital resources to our communities and those in need.

- As the most charitable nation in the world, generous Americans give billions of dollars to support the charitable sector every year. In 2023, Americans gave \$577 billion to charity.
- For more than 100 years, the charitable tax deduction has encouraged Americans to give more of their income to the public good, devoting it to their community's needs rather than their own.
- An analysis by the Philanthropy Roundtable finds that for every \$1 increase in the tax benefit, charitable donations rise by a statistically significant \$1.30.ⁱ
- However, few Americans now have access to the charitable deduction, with the percentage of taxpayers who itemize falling from an average of 30% in 2017 to 7.5% in the years that followed.ⁱⁱ

There has been a troubling long-term decline in the number of Americans who give to charity.

- According to Indiana University's Lilly Family School of Philanthropy, 49.6%, less than half of American households gave to charity in 2018. That is down from 66.2% of households who donated to charity in 2000.ⁱⁱⁱ
- This decline in the number of donors persists. The Association of Fundraising Professionals' Fundraising Effectiveness Project finds that while giving was up 4.1% in Quarter 1 of 2024, there was a 1.3% decline in the number of donors led by decreases in donors contributing less than \$100.^{iv}

The doubling of the standard deduction had the unintended consequence of leading to a permanent reduction in charitable giving by households who no longer itemized.

- New research from the American Enterprise Institute (AEI) shows that total itemized deductions for charitable giving would have been \$80 billion higher in 2021 if total itemized giving had remained at the average 2010-17 level of adjusted gross income (AGI). AEI also noted that only the most affluent taxpayers who continued to itemize their tax returns, retained a tax incentive to give to charity.^v
- Researchers at Indiana University and the University of Notre Dame found that the doubling of the standard deduction led to a \$20 billion decline in charitable giving in 2018, followed by a \$16 billion permanent annual drop in charitable giving. They also found that most of the decrease in giving was to organizations whose primary focus is helping people in need of basic necessities.^{vi}

The temporary charitable deduction for non-itemizers enacted in 2020, 2021 was effective.

- The CARES Act included a temporary charitable deduction for non-itemizers to help spur giving during the pandemic. The deduction was capped at \$300 in 2020 and \$300 for individuals and \$600 for joint filers in 2021. The provision expired on Dec. 31, 2021.
- The temporary charitable deduction for non-itemizers helped increase giving, particularly small gifts.
- In 2020, taxpayers used the temporary universal charitable deduction to give \$10.9 billion to charities; a quarter of Americans taking that \$300 deduction made less than \$30,000.
- The Association of Fundraising Professionals' Fundraising Effectiveness Project (FEP) found a 7.5% increase in individual gifts of \$300 in both 2020 and 2021 when compared to 2019 levels. The data also shows a 28 percent increase in \$300 gifts on December 31, 2020, an indicator that the temporary deduction did incentivize these gifts. ^{vii}
- AEI finds that the temporary charitable deduction for non-itemizers in 2020 and 2021 added 6% to total itemized donations during that same period. ^{viii}
- FEP data also shows that while the number of small donations went up in 2020 and 2021 after Congress enacted a universal charitable deduction, small-gift donors collapsed in 2022 after the temporary universal charitable deduction was not renewed.
- Specifically, the Q4 2023 report, which was published in April of this year, noted from 2022 to 2023: 2.8% drop in dollars, 3.4% drop in donors, and 2.5% decrease in donor retention. The report noted that donors contributing less than \$500 were responsible for 79.3% of the overall decrease in donors.

Charitable giving has been declining the past two years.

- According to the most recent GivingUSA data, charitable giving declined by 2.1% compared to 2022 when adjusted for inflation, marking the second consecutive year charitable giving has declined following a stark 10.5% drop in 2022. ^{ix}
- Giving by individuals, which makes up two thirds of total giving, declined by 2.4 percent in inflation-adjusted dollars in 2023, the largest drop among GivingUSA's four categories of sources of giving. ^x
- Similarly, the Association of Fundraising Professionals' FEP data found a 2.8% decline in total giving in 2023 compared to 2022, as well as a 3.4% decline in donors. ^{xi}
- Almost every economic indicator was stronger in 2023—U.S. gross domestic product (GDP) grew by 6.3 percent, the S&P 500 reached record highs, and the inflation rate declined—yet charitable giving did not even keep pace with inflation.

- This data reinforces growing concerns that lower- and middle-income individual donors are disappearing. These are the same everyday givers who have long provided the financial lifeblood to local soup kitchens, homeless and domestic abuse shelters, schools, cultural organizations, and religious congregations and ministries—among innumerable other crucial charities.

One proven solution to helping redress the declines in giving and donors is to extend the charitable deduction to lower- and middle-income taxpayers who do not itemize.

- The bipartisan Charitable Act (S. 317/H.R. 801), sponsored by Sens. James Lankford (R-OK) and Chris Coons (D-DE) and Reps. Blake Moore (R-UT), Danny Davis (D-IL), Carol Miller (R-WV), and Chris Pappas (D-NH), would restore and expand the charitable deduction to all American taxpayers who do not itemize. The bill would allow non-itemizing taxpayers to deduct up to \$5,000 in charitable donations for individuals/\$10,000 for joint filers.
- The Charitable Act would democratize giving, providing an incentive for all generous Americans, not just the wealthiest, to give more to charities and faith-based organizations.
- The charitable community strongly supports the Charitable Act, with more than 600 organizations in all 50 states recently signaling support.^{xii}

ⁱ [How Tax Policy Affects Charitable Giving \(philanthropyroundtable.org\)](https://philanthropyroundtable.org)

ⁱⁱ <https://www.aei.org/research-products/report/how-the-2017-tax-law-made-itemized-charitable-giving-a-luxury-good/>

ⁱⁱⁱ <https://scholarworks.indianapolis.iu.edu/server/api/core/bitstreams/f5f188c8-285e-4ddd-ab10-6da930d82c6f/content>

^{iv} <https://acrobat.adobe.com/id/urn:aaid:sc:AP:cb49ffde-0980-403b-9237-702b44331c9e>

^v <https://www.aei.org/research-products/report/how-the-2017-tax-law-made-itemized-charitable-giving-a-luxury-good/>

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^{viii} <https://www.aei.org/research-products/report/how-the-2017-tax-law-made-itemized-charitable-giving-a-luxury-good/>

^{ix} <https://givingusa.org/giving-usa-u-s-charitable-giving-totaled-557-16-billion-in-2023/>

^x <https://givingusa.org/giving-usa-u-s-charitable-giving-totaled-557-16-billion-in-2023/>

^{xi} <https://afpglobal.org/news/year-end-challenges-q4-2023-fundraising-metrics-decline>

^{xii} <https://charitablegivingcoalition.org/wp-content/uploads/2023/11/CGC-Giving-Tuesday-Letter-in-Support-of-Charitable-Act-.pdf>