Less Charitable Giving, More Givers Likely with OBBB Tax Changes Compared to Previous Law, Study Finds

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Future U.S. charitable giving is expected to be lower under new tax provisions included in the One Big Beautiful Bill (OBBB) law enacted in 2025 than it otherwise would have been under previous law, according to a new research report researched and written by the Indiana University Lilly Family School of Philanthropy <https://philanthropy.indianapolis.iu.edu/> and presented by CCS Fundraising <http://www.ccsfundraising.com/> . The study also estimates that more households will give to charity than previously gave.

The report, *Philanthropy Outlook: Estimating Effects on Charitable Giving from the One Big Beautiful Bill* <https://scholarworks.indianapolis.iu.edu/items/d853623f-78ef-42c4-931c-4903f80e2a87> , estimates how specific policy changes in the new law (also known as 2025 H.R. 1 and Public Law 119-21) will affect both household and corporate giving, as well as the combined effects on giving. The research provides estimates of the anticipated shift in giving behavior resulting from each of the policy changes, holding everything else constant (e.g., income, wealth, GDP, the stock market, and other factors). It thus represents long-run annual effects of the policy changes, rather than predictions for any particular year.

What to Know

- Overall, the OBBB is estimated to lower charitable giving by about $5.69 billion per year compared to previous law. That is roughly equivalent to about 1% of all U.S. giving.
- The number of U.S. households who give is estimated to increase by about 8 million.
- Total corporate giving is estimated to be approximately $1.55 billion lower, or -3.5% of total corporate giving.
- The above effects may not be fully seen in the first year the law is in effect, as it may take some time for taxpayers to become aware of and adapt to the new policies.

“Tax policy changes shape charitable giving, and their effects vary across different policies, types of donors and ways of giving,” said Patrick M. Rooney <https://philanthropy.indianapolis.iu.edu/people-directory/rooney-patrick.html> , Ph.D., professor emeritus of philanthropic studies and economics at the Lilly Family School of Philanthropy. “Changes that affect high-income households and large corporate donors have the greatest influence on total giving levels. Policies that broaden incentives to give, such as the newly enacted universal charitable deduction, are likely to increase the number of people who give.”

Why this Matters

- **Different nonprofits may experience the decrease differently.** The overall estimated decrease in giving is fairly slight relative to total U.S. giving; however, some nonprofits may feel it more acutely. Organizations whose giving comes disproportionately from households in the top 37% tax bracket or that rely heavily on corporate giving could see a larger impact.
- **Nonprofits that alert their potential donor base to new opportunities may see more giving in the short term.** An increase in giving tied to new the universal charitable deduction (UCD) for people who don’t itemize on their income taxes will come from households who realize that they now have this opportunity.
- **Nonprofits may experience shifts in the timing and structure of some gifts** as households and especially corporations who are close to the deduction floor on their taxes annually may “bunch” their gifts and instead give and deduct biennially. This may affect how nonprofits solicit and receive gifts.
- **More smaller-dollar donors are likely to contribute to nonprofits** due to the introduction of a UCD. Some types of charitable organizations, such as those providing basic human services, rely more heavily on smaller contributions.
- **Most corporations no longer have a tax incentive to donate.** Charities will need to make their case based on philanthropic and community-based values, as well as enhancing the brand and image of the corporations to consumers, employees and shareholders.

“Changes to tax policy can introduce new complexities for charitable giving, and they can also create opportunities for more donors to engage meaningfully in philanthropy,” says Greg Hagin, Managing Partner at CCS Fundraising. “This is a moment for nonprofits to adapt with clarity by educating supporters and refining strategies that welcome both major contributions and the cumulative strength of smaller gifts. At CCS, we view shifts like these as catalysts for more resilient fundraising.”

Diving Deeper

- The report examines three provisions included in the OBBB that affect household charitable giving in different ways:
- The capped UCD for households who don’t itemize on their taxes is estimated to increase total charitable giving by approximately $4.39 billion annually – a 1.1% increase in household giving. The

UCD is also estimated to increase the number of households that give.

- The 0.5% floor for giving (meaning that only charitable giving that exceeds 0.5% of income can be deducted) for households who itemize is estimated to reduce household giving by approximately $2.43 billion, or 0.6% of total household giving.
- The 35% cap on all deductions, including gifts to charities, for households in the 37% income tax bracket is estimated to decrease household giving by $6.1 billion, or 1.6% of total household giving.
- The 1% floor on corporate charitable deductions is estimated to decrease total corporate giving by approximately $1.55 billion annually.

<u>Methodology:</u> Using the most up-to-date data and policy research, the researchers developed frameworks to estimate the impact of each of the policy changes in detail, holding everything else constant, and presenting a range of plausible options for each estimate under different possible patterns of behavior. The estimated plausible ranges and the full methodology are in the full report.

Read the full report <https://scholarworks.indianapolis.iu.edu/items/d853623f-78ef-42c4-931c-4903f80e2a87>

About the Indiana University Lilly Family School of Philanthropy
The Lilly Family School of Philanthropy <https://philanthropy.indianapolis.iu.edu/> is dedicated to improving philanthropy and the world by training and empowering students and professionals to be innovators and leaders who create positive and lasting change. The school offers a comprehensive approach to philanthropy through its undergraduate <https://philanthropy.indianapolis.iu.edu/academics/degrees/ba/index.html> , graduate <https://philanthropy.indianapolis.iu.edu/academics/degrees/ma/index.html> , Ph.D. <https://philanthropy.indianapolis.iu.edu/academics/degrees/phd/index.html> , PhilD <https://philanthropy.indianapolis.iu.edu/academics/degrees/phild/index.html> , certificate <https://philanthropy.indianapolis.iu.edu/academics/degrees/certificates-minors/index.html> and professional development programs, its research and international programs, and through The Fund Raising School, Lake Institute on Faith & Giving, Mays Family Institute on Diverse Philanthropy, Women's Philanthropy Institute, and the Muslim Philanthropy Initiative. Follow us on X (formerly Twitter) <https://nam12.safelinks.protection.outlook.com/?url=https%3A%2F%2Fx.com%2Fiuphilanthropy%3F_gl%3D1*bmiwth*_gcl_aw*R0NMLjE3NDE4MDM2MDkuQ2owS0NRanc0Y1MtQmhER0FSSXNBQmc0X0oyaWxpNkJtM2FrNGJ5YUV0M21IRm5Rek50cXR3bUVWVUVicU9fRGdxRVlRSFVsaXMzTjNqMGFBcl9NRUFMd193Y0I.*_gcl_au*MTAxODMzMTI1Mi4xNzM3OTkyMDg5LjEwODM4Mzg5My4xNzM4OTM0MjU5LjE3Mzg5MzQzNjg.*_ga*NjI0ODY5MTE3LjE3Mzc0NzYyMDQ.*_ga_61CH0D2DQW*MTc0MjIzNzA5Mi44MS4xLjE3NDIyMzg2MDIuNTUuMC4w&data=05%7C02%7Cadrldavi%40iu.edu%7Cdf6e2ef42e494084c86708de083a4d84%7C1113be3

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About CCS Fundraising

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