



Dear President Biden:

On behalf of the Charitable Giving Coalition, we write to urge you to prioritize charitable giving incentives in your upcoming budget proposal and other legislative negotiations with Congress. Our coalition represents America's charitable sector including public charities, faith-based organizations, 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.

The charitable deduction is different than other itemized deductions in that it encourages individuals to give away a portion of their income to organizations that serve community needs. It rewards a selfless act, and it encourages taxpayers to give more funds to charities than they would otherwise give. A calculation of the deduction demonstrates that those in need receive at least \$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 \$470 billion to support charitable causes in 2020, much of which was claimed as a charitable tax deduction.

A temporary universal charitable deduction was enacted in 2020 to encourage more charitable giving from all taxpayers, not just the 12 percent who itemize their taxes. Thereafter, the amount of charitable giving – especially of gifts less than the \$300 cap – saw a significant increase. According to the Fundraising Effectiveness Project, there was an estimated 28 percent increase on December 31, 2020, of gifts of \$300 – the exact amount of the temporary universal charitable deduction.

As you contemplate policies to include in your forthcoming budget proposal and future legislation, we encourage you to protect and maintain the value of the itemized charitable deduction by not imposing any caps or limitations to its current scope, as well as renew and expand the universal charitable deduction that expired at the end of last year.

Unlike with other deductions, taxpayers can—and will—adjust their levels of charitable contributions in response to tax code changes. At a time when demand for nonprofit services continues to be at an all-time high, incentivizing additional charitable giving from all Americans is critical.

Renewing and extending the universal charitable deduction, an effort with bipartisan and bicameral support in Congress, will help bolster the recent increase in small-dollar gifts and enable charitable organizations to better achieve their missions and support their workforces and communities.

Sincerely,  
The Charitable Giving Coalition