



CHARITABLE GIVING COALITION STATEMENT FOR THE RECORD

“Examining Charitable Giving and Trends in the Nonprofit Sector”

U.S. Senate Finance Committee

March 17, 2022

Dear Chairman Wyden, Ranking Member Crapo, and Members of the Committee:

The Charitable Giving Coalition (CGC) welcomes the opportunity to provide input to the Committee on “Examining Charitable Giving and Trends in the Nonprofit Sector.” Our coalition represents America’s charitable sector including public charities, faith-based organizations, private and community foundations and their grantees, as well as nonprofit organizations and the associations and umbrella group that serve their needs.

The CGC is dedicated to protecting and enhancing the charitable deduction to ensure that charities across our nation continue to receive the funds necessary to serve their communities and fulfill their philanthropic missions. A hallmark of American democracy is the tendency of its citizens to associate and help each other through a variety of generous acts, and charitable gifts are essential to maintaining that vibrant civil society.

The charitable deduction is good tax policy. It encourages individuals to give away more money to charity than they otherwise would. A calculation of the deduction demonstrates that charities receive \$2.50 for every \$1 of tax benefit going to the donor. In 2020, generous Americans gave over \$470 billion to charitable causes, according to Giving USA. This level of giving would not have been possible without a robust charitable deduction for itemizing taxpayers.

According to the Joint Committee on Taxation’s report on Present Law and Background Relating to the Federal Tax Treatment of Charitable Contributions, “many charitable organizations rely on charitable donations to finance their operations, and the charitable contribution deduction has been found to play an important role in providing such support. The deduction for charitable contributions reduces the economic cost of making a donation and evidence suggests this encourages charitable giving.”

Unfortunately, the current charitable deduction is only available to those who itemize, which most estimates suggest is only about 12 percent of taxpayers. The temporary universal charitable deduction that was enacted in 2020 and extended through 2021 was a step in the right direction to democratizing charitable giving, but its expiration at the end of last year has resulted in uncertainty for some of the most generous Americans and the charities that rely on their donations to deliver vital services to their communities. According to the Association of

Fundraising Professionals' Fundraising Effectiveness Project, there was an estimated 28 percent increase in gifts of \$300 on December 31, 2020 – the exact amount of the temporary universal charitable deduction. 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.

We know the need for more charitable giving is not going away, and the CGC supports the reenactment of a universal charitable deduction for non-itemizing taxpayers. The Universal Giving Pandemic Response and Recovery Act (**S. 618, H.R. 1704**), which renews the universal charitable deduction and increases the cap to one-third of the standard deduction, would provide donors and charities alike with the certainty they need to continue giving to the vital organizations in their communities and across the globe. We greatly appreciate the bipartisan efforts to advance this bill, and we fully support its passage.

The CGC recently sent a letter to the Biden Administration encouraging the renewal and extension of the universal charitable deduction, as well as the protection of the full scope and value of the current itemized deduction. Both are critical for our charitable sector to thrive. If the last two years have taught us anything, it is that we can never predict when the next crisis or disaster is going to arise. Our charities stand at the ready to respond to those in need, and donors have shown up to help – our tax code should do the same.

Our coalition applauds the work of Senators Lankford, Coons, Collins, Cortez Masto, Klobuchar, Lee, Scott, Shaheen, and the other cosponsors, including Senators Brown, Hassan, and Stabenow on the Senate Finance Committee, to advance this important measure, and we stand ready to help the Senate Finance Committee and full chamber get this across the finish line.