

ACR Summit for Leaders | Comments for Panel

Sue Santa

Here's what we know – the charitable deduction works.

We know this because we talk to donors, and they tell us the deduction matters. They give more money because of it. And they'd give less if it were reduced.

We also know that charitable contributions translate into work on the ground.

As government programs and funding continue to shrink in many areas, philanthropy is viewed as the answer. It's viewed as that pool of resources that will fill the gap.

We know that – at the same time – government in both states and here in DC advance proposals that would chip away at charitable giving.

We can't do more if we have less.

And what we know is supported by the numbers. They are convincing. Here are a few: Americans - voters - understand the value of the charitable deduction. And they overwhelmingly oppose changes.

United Way poll – 2 of every 3 Americans oppose changes

Dunham & Co. poll – 75% of Americans value the deduction as it is.

The most compelling numbers tell the story of how giving will decline if the deduction is reduced:

The most recent research was conducted by the American Enterprise Institute. It found that a 28% cap would reduce giving by 4.35%. Doesn't sound like a lot? Let me translate – that's \$9.4 billion in the first year alone!

Other studies find similar results.

The Center for Effective Government found a loss of up to \$91 billion over ten years.

The Center on Philanthropy at Indiana University looked just at high income households but found that the cap would reduce giving by several billion dollars in the first year alone.

Billions and billions of charitable dollars. Billions and billions LESS for our communities. What does this look like? A few years back, the Charitable Giving Coalition offered this comparative:

\$5.6 billion dollars is the operating budgets of American Red Cross, Goodwill Industries, YMCA, Habitat for Humanity, Boys & Girls Clubs, Catholic Charities USA, American Cancer Society – COMBINED!

It's a lot of money. More importantly, it's a lot of people in our communities who won't be helped by charities.

Finally, we know the charitable deduction matters – and works - because we've seen firsthand what happens when it's reduced. In both Michigan and Hawaii, state deductions were limited and millions in charitable gifts were lost.

In Hawaii – a cap that was intended to raise \$12 million for the state resulted in a loss of \$60 million in charitable giving.

In Michigan – a cap cost the state's charities \$50 million.

Both have been reinstated.

It's clear, isn't it?

The Charitable Deduction Works. And, if it aint broke, don't fix it.