



The Charitable Giving Coalition urges you to support the expansion and extension of the universal charitable deduction to encourage all taxpayers to give more to charity during these challenging times and as the nation recovers and rebuilds.

The Charitable Deduction Works

- Generous Americans gave more than \$470 billion to charity in 2020. Charitable dollars are essential to maintaining a healthy civil society, vital to both nonprofit charities and local governments that depend on these resources to achieve their critical missions.
- The charitable deduction is **good tax policy** – it encourages individuals to **give away** more of their income, devoting it to their community's needs rather than their own. A simple calculation shows that those in need receive \$2.50 in benefit for every \$1 of tax benefit. This is an impressive return on investment.

Charitable Giving Has Increased Since Enactment of Universal Charitable Deduction

- In March 2020, Congress enacted a \$300 charitable deduction for cash gifts from nonitemizers for 2020. Since then, the amount of charitable giving – especially of gifts less than the \$300 cap – has seen a significant increase.
- According to the 2021 Giving USA report, total giving reached \$471.44 billion in 2020, increasing 3.8 percent when adjusted for inflation, compared to 2019.¹ Individual giving also saw an increase, reaching \$324.1 billion, up 1 percent when adjusted for inflation.
- The Fundraising Effectiveness Project's (FEP) fourth quarter report for 2020 shows a 15.3 percent uptick in donations of less than \$250, which outpaced the increase in larger donations.² Additionally, there was an estimated 28 percent increase in gifts of \$300 on December 31st – the exact amount of the current 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.

Congress Should Enact the Universal Giving Pandemic Response and Recovery Act (S. 618, H.R. 1704)

- In December 2020, Congress extended the universal charitable deduction availability through 2021 and increased the cap to \$600 for joint filers. We are grateful for this change, but Congress can do more to make giving incentives fair for all taxpayers and to strengthen and expand this incentive. This will help charitable organizations achieve their missions and support their workforces and communities as our nation recovers from the current and future crises.
- A May report from the Center for Civil Society Studies at John Hopkins University estimates it will take the charitable sector at least 16 months to return to pre-pandemic levels of employment, with around 730,000 fewer nonprofit jobs now than there were in the beginning of 2020.³
- Congress can help alleviate some of the difficulties the sector is facing by enacting the Universal Giving Pandemic Response and Recovery Act led by a bipartisan, bicameral group of lawmakers, including Sens. James Lankford (R-OK), Chris Coons (D-DE), Mike Lee (R-UT), Jeanne Shaheen (D-NH), Tim Scott (R-SC), Amy Klobuchar (D-MN), Susan Collins (R-ME), Catherine Cortez Masto (D-NV), and Reps. Chris Pappas (D-NH) and Jackie Walorski (R-IN). The legislation would raise the \$300/\$600 cap to roughly \$4,000 for individuals/\$8,000 for couples, extend the availability of the deduction to the 2022 tax year, and eliminate the current exclusion of gifts to donor-advised funds, helping to spur more giving as communities continue to recover from COVID-19 and its economic effects.
- This legislation will democratize giving by further incentivizing all American taxpayers—regardless of their income—to give to charity, thereby ensuring that our country retains a strong and independent civil society. It will also provide needed resources for charitable and faith-based organizations to continue providing vital services to families, workers, and communities, especially those critically impacted by the ongoing pandemic.

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¹ <https://philanthropy.iupui.edu/news-events/news-item/giving-usa-2021-in-a-year-of-unprecedented-events-and-challenges-charitable-giving-reached-a-record-471.44-billion-in-2020.html?id=361>

² <https://afpglobal.org/fepreports>

³ <http://ccss.jhu.edu/may-2021-jobs/>