

CGC Asks Hillary Clinton to Reconsider Cap

(Washington, DC) – In response to presidential candidate Hillary Clinton’s college tuition plan, which would be funded by limiting the value of itemized deductions, including the charitable deduction, the Charitable Giving Coalition (CGC) released the following statement:

On behalf of the Charitable Giving Coalition, a diverse group representing private and community foundations, their grantees and independent charities, as well as nonprofit organizations and the associations and umbrella groups that serve their needs, we urge Hillary Clinton to reconsider implementing a 28% cap on itemized deductions for certain taxpayers as a means of funding her college tuition plan.

The charitable deduction is different than other itemized deductions in that it encourages individuals to give away a portion of their income to those in need. It rewards a selfless act, and it encourages taxpayers to give more funds to charities than they would otherwise have given.

The proposed cap would have long-lasting negative consequences on the charitable organizations upon which millions of Americans rely for vital programs and services. Some economists believe it is prudent to retain the full scope and value of the existing charitable deduction. According to the American Enterprise Institute, a 28% cap on the charitable deduction could reduce giving by over \$9 billion in a single year.

A calculation of the deduction suggests that those in need receive \$2.50 of benefit for every \$1 of tax benefit going to the donor. In 2014, individual Americans gave over \$258.51 billion to support charitable causes, 83 percent of which was donated by those who itemized and likely claimed a charitable tax deduction, according to the annual Giving USA report.

Furthermore, nonprofit organizations that rely on charitable gifts to provide valuable services to communities have a powerful impact on the American economy. These organizations generate \$1.1 trillion every year in the form of jobs and services. One in 10

U.S. workers is employed by the nonprofit sector, which provides 13.7 million jobs. Employees of nonprofit organizations received roughly nine percent of wages paid in the U.S., and the nonprofit sector paid \$587.7 billion in wages and benefits.

As charities struggle to raise additional funds to meet increased demands for their services, we ought to encourage Americans to be more generous, not signal that giving is less important.

Because the charitable deduction is unique and promotes giving to benefit humanity, we encourage Mrs. Clinton to reconsider her proposal to limit the value of itemized deductions for charitable contributions.

For more information about the CGC's views on philanthropy and the charitable deduction, email Jason Lee at jlee@afpnet.org.

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Formed in 2009, the Charitable Giving Coalition's members include more than 60 diverse organizations. Representing private and community foundations, their grantees and independent charities, as well as nonprofit organizations and the associations and umbrella groups that serve their needs. The coalition is dedicated to preserving the charitable tax deduction, which is crucial to ensuring our nation's charities receive the funds necessary to fulfill their essential philanthropic missions. The coalition provides a unique and unified voice on Capitol Hill, including lobbying and grassroots advocacy, on issues affecting the charitable deduction.