

March 4, 2011

The President  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Dear Mr. President:

As a coalition representing a broad cross-section of nonprofit organizations across the country, we strongly urge you to reconsider your Administration's FY 2012 budget proposal (or any similar proposals) to limit the value of itemized deductions for charitable contributions. The proposal to cap itemized deductions at 28% for certain taxpayers would have long-lasting negative consequences on the charitable organizations that millions of Americans rely on for vital programs and services.

Times have been challenging for our nation's charities. Last year, the Giving USA Foundation and its research partner, the Center on Philanthropy at Indiana University, determined that "total charitable contributions from American individuals, corporations and foundations fell to \$303.75 billion in 2009, down from a revised total of \$315.08 billion for 2008." The 2009 drop represents a 3.6 percent reduction in current dollars.

Yet, in the face of such tough financial conditions, charities continue to do more with less. In fact, when the economy stagnates, that is when charities and their services are needed the most. Charities bridge the gap by serving those in need and our communities when budgetary constraints hinder state and federal governments from providing similar services. These charity-provided services are critical, and reducing charitable giving does not just harm the nonprofit sector, but it also hurts the lowest income brackets that rely heavily upon these services. Despite how the proposal looks on paper, wealthy Americans will not bear the brunt of a limitation on itemized deductions—America's poor will.

Also, do not underestimate the positive impact that charities have on the economy. The Urban Institute found that "[i]n 2006, nonprofits contributed \$666 billion to the economy and accounted for 5 percent of GDP, 8 percent of the economy's wages, and nearly 10 percent of jobs." The fact remains that the charitable sector represents a significant cog that drives economic recovery. Nonprofits create jobs and leverage economic gains. To truly jumpstart the economy, the federal government should remove barriers that limit charitable giving, not construct more of them.

Studies indicate that donors give for many reasons—incentives such as tax deductions being among them. While Americans do not make charitable gifts only for tax reasons, tax incentives make more and larger gifts possible.

History and the actions of the federal government indicate that tax incentives do, in fact, affect charitable giving. During times of crisis, such as the natural disasters like Hurricane Katrina, the 2008 Midwest flooding and the 2010 Haiti earthquake, Congress regularly passes charitable giving incentives to make it easier for Americans to give donations and support to the nonprofits serving individuals, families and communities in need.

As charities struggle to meet increased demands for their services and raise additional funds, we need to encourage all individuals, regardless of income and wealth, to give more to charitable organizations. Limiting the value of the charitable deduction does the exact opposite and would fundamentally change a tax structure that has contributed to a cherished tradition of charitable giving that is unmatched in the world.

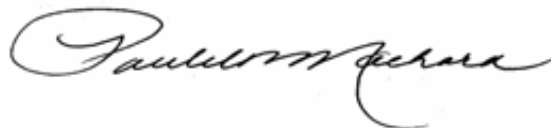
Again, we urge you to withdraw any proposal that would limit the value of itemized deductions for charitable contributions in your FY 2012 Budget.

We look forward to working with you and your staff on this issue and on any other issues affecting the charitable sector.

Sincerely,



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Paulette V. Maehara, CFRE, CAE  
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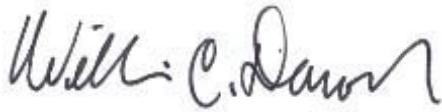
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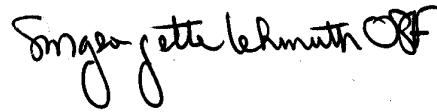
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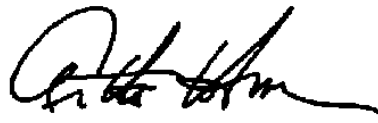
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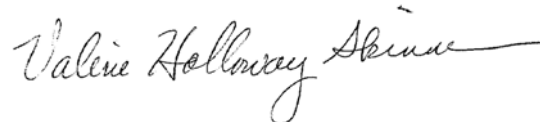
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