



INDEPENDENT SECTOR
A vital voice for us all

June 9, 2020

Senator Mike Lee
Chairman
Joint Economic Committee
361A Russell Senate Office Building
Washington, DC 20510

Representative Don Beyer
Vice Chair
Joint Economic Committee
1119 Longworth House Office Building
Washington, DC 20515

Written Testimony - "Supporting Charitable Giving during the COVID-19 Crisis."

Dear Chairman Lee, Vice Chair Beyer, and members of the committee,

Thank you for holding this hearing to highlight the need to support charitable giving during this very uncertain time. Independent Sector—a national coalition of nonprofits, foundations, and corporations whose members represent tens of thousands of organizations and individuals committed to advancing the common good—appreciates the opportunity to provide this testimony and share insights about an issue that is so important to the charitable sector.

Every day, charitable nonprofit organizations, provide educational and economic opportunities for families in need; work to alleviate poverty and suffering at home and abroad; assist victims of disaster; enhance the cultural and spiritual development of individuals and communities; facilitate scientific advances; and foster worldwide appreciation for the democratic values of justice and individual liberty that are part of the American character. In addition to nonprofits' social impact, they are also a major contributor to the national economy. Nonprofits are the third largest employer in the country, employing 12.3 million Americans, and contribute over \$1 trillion annually to the economy.

In this critical time, nonprofits have stepped up to meet the unprecedented level of need in our country due to the COVID-19 pandemic. Even though they face many of the same economic challenges of other industries, nonprofits are not shutting down. Rather, they are straining to meet increasing demands in our communities on the frontlines, caring for the sick, feeding families, and keeping our communities connected.

We know from our members that the impact of COVID-19 has been significant; many have been faced with the difficult choice of keeping on staff members or providing critical services. According to the recent CAF America report, 29 percent of charities worldwide have furloughed or laid off employees, while 17 percent have reduced salaries¹.

Preliminary findings of a survey of large and mid-sized nonprofits conducted by Independent Sector show 82% of respondents reporting declines in revenue. Approximately 47% report declines in giving, but almost 80% report declines in earned revenue, largely due to the cancellation of events. Fifty

¹ [Vol.2 The Voice of Charities Facing COVID-19 Worldwide](#)

percent of respondents reported laying off staff and 66 percent report instituting furloughs. Seventy percent report a reduction in operations. These are concerning results due to current events that highlight the continued need for charitable giving incentives.

At a time of unprecedented challenges around public health, racial justice, and the economy, government at all levels requires the partnership of the nonprofit sector to meet exponentially growing community needs. The nonprofit sector must have help in order to fulfill this role. Congress took a first step in addressing the loss of revenue and increased demand nonprofits face, through the CARES Act by enacting a \$300 universal charitable deduction, to ensure that additional funding can flow into nonprofit organizations. Unfortunately, more needs to be done to ensure that nonprofits can provide critical services to all Americans in need.

Independent Sector is working hard to enhance the charitable deduction by supporting a legislative effort led by Senator James Lankford along with a group of bipartisan Senators including Mike Lee, Chris Coons, Jeanne Shaheen, Amy Klobuchar and Tim Scott, that would expand the charitable incentive to non-itemizers to allow a deduction for up to a third of the current standard for contributions made in fiscal year 2020, which would allow single filers to claim up to \$4,000, and for joint filers up to \$8,000 in charitable contributions. Research led by Dr. Osili, a hearing witness, shows that the Universal Charitable Deduction Act introduced last Congress by Senator Lankford, would increase charitable giving by up to \$17 billion and increase the number of donors by up to 7 million through 2021.

At a time of crisis, we need all individuals contributing as much as they can to help our communities recover. In order to make it as easy as possible for them to give, we need to reduce the cost of giving by providing 90% of Americans the same charitable giving incentives as high-income households that file itemized returns. Expanding a universal charitable deduction, without limits, to all taxpayers creates a fairer system that helps all Americans, regardless of income, to give back to their communities during a time of historic need. The legislative effort led by Senator Lankford would increase the pool of donors, resulting in more funding going towards nonprofits and charities which are the backbone of communities and civil society and are one of the critical safety nets in America.

We appreciate the opportunity to submit testimony on the expansion of the charitable deduction, to preserve the ability of charitable organizations to continue serving their communities. We are happy to work with you as you continue to develop policies that impact the nonprofit sector. For additional information, please contact Ana Montañez at anam@independentsector.org.

Thank you for your consideration.

Sincerely,



Daniel J. Cardinali
President and CEO
Independent Sector