Overview of Key Themes and Messages

During FOTH 2020, philanthropy has the opportunity to educate legislators on a variety of priorities and topics. To ensure that we as a sector deliver a clear, unified message, the Forum recommends each delegation tailor their approach using the following three themes:

1) The Value of Philanthropy and How We Partner
   a. Thank You for passage of UBIT Repeal & Private Foundation Excise Tax

2) Key Policy Issues For the Philanthropic Sector
   a. Decline in Giving & the importance of Charitable Giving Legislation
   b. Legacy IRA Legislation
   c. Census 2020

3) Targeted and/or Local Area Issues

Meeting Introductions

- We represent over (# of members) foundations that operate in our state/region. Our members work on a variety of issues to support the region and strengthen our communities.
- Our members, some represented here in this delegation, have invested (amount of money invested) in the region through over (# of grants) grants over the past (X year/s).
- Our focus areas include (name some of your main focus areas that the member of Congress would take interest in.)
- For example, we recently (talk about a success story where the philanthropy sector had a prominent role and what the outcome meant for constituents in that district or state.)
Theme 1: The Value of the Philanthropy Sector and How We Partner

Philanthropy is Valuable to Our Country

- The generosity of Americans has a vibrant, unique history. Giving in our country is deeply intertwined in the American story and is always evolving. Americans gave $410 billion to charities in 2017 to help their communities.
- The philanthropy sector is driven by this spirit of generosity. Philanthropy invests human and financial capital to benefit the people and communities that they serve.
- Philanthropy creates thriving places that benefit everyone. Philanthropic resources help your constituents every day by creating jobs, spurring innovation, supporting the vulnerable, and empowering people to improve their lives.
- Philanthropy invests time and resources to tackle the biggest challenges of our time. Our key focus areas include community and economic development, disaster and emergency response, education, environment, health and wellness, immigration, nonprofit capacity, and veterans and military families. (Edit this based on your delegation’s policy interests.)
- Nonprofit organizations are a major economic force in this country. The sector employs 12.3 million paid workers and accounts for 10.2% of the total U.S. private workforce. In 2016, U.S. nonprofits employed the third largest workforce of any U.S. industry – twice as many as those working in the finance/insurance industry and 80% more than in the construction industry.1 (you can insert local statistics here as well)

Philanthropy is a Partner

- Philanthropy plays a valuable and important role in partnering with the public sector to leverage public investments and ensure a healthy democracy.
- Philanthropy has the unique ability to innovate, incubate, and deliver results – often working in tandem with the public and private sectors and leveraging government investment.
- Philanthropy offers more than just grantmaking. We convene organizations, facilitate partnerships, share knowledge, and pool resources.
- To continue our work most effectively, we ask for your support to ensure America’s philanthropic sector remains robust and responsive to the needs of our communities.
- We welcome the opportunity to be a resource to you. For example, we can be a resource for your office when you get questions from your constituents about addressing needs in their communities or around areas of particular interest to your office by providing data, knowledge resources and relationships.

Theme 2: Key Policy Issues for the Philanthropy Sector

Public Policy Influences Philanthropy’s Ability to Do Good

- The future of American generosity is not guaranteed. Public policy is crucial to preserving the spirit and capacity of American generosity.
- To be effective, foundations – just like businesses – require favorable policies that help, not hurt, the nonprofit and philanthropy sector.
- We seek your support on policies that encourage giving, allow us to focus on our missions, and effectively utilize our resources to maximize our impact.

While we recognize that some of the effects of Tax Cuts and Jobs Act of 2017 might have been unintentional, they have hurt the nonprofit and philanthropy sector. We ask Congress to address the unintentional but harmful effects, including:

- The increased standard deduction’s negative impact on charitable giving making this deduction available to only 13% of Americans

Expand the Charitable Giving Incentive

- We support giving every American taxpayer an incentive to make a charitable donation, not just those who itemize their taxes.
- There are signs of trouble for giving in America.
  - Fewer Americans are making charitable donations. Indiana University’s Lilly Family School of Philanthropy has found that the percentage of Americans who give has fallen by 11 percent over the past 14 years—from 66 percent in 2002 to just 56 percent in 2014.2
  - Lower- and middle-income households earning less than $100,000 make up a significantly smaller percentage of total giving than they did in 2000, dropping from 43% to 25%.3
- The 2017 tax bill exacerbated these negative trends.
  - The total number of donors dropped by 4.5% from 2018 to 2017.
  - Gifts in the $250 - $999 range dropped by 4.0%, while gifts of under $250 dropped by 4.4%.4
- The increased standard deduction in the 2017 Tax Cuts and Jobs Act negatively affected charitable giving by reducing the number of taxpayers who itemize. The Tax Policy Center estimates that 21 million fewer Americans will itemize.5 Therefore, fewer taxpayers will have a tax incentive to give to charity.
- As of September 2019, giving was down again, this time by 4.6 percent, compared to the same time period in 2018
- Under the current law, only those who itemize – mostly the wealthy – receive a tax deduction for their giving.
- Congress can address this problem – and increase charitable giving – by enacting a universal charitable deduction or tax credit. Such a proposal would allow non-itemizing taxpayers a deduction or credit for their charitable gifts.
- A universal charitable deduction or tax credit will incentivize all American taxpayers – regardless of income - to give to charity, thereby ensuring that our country retains a strong and independent civil society. The policy will also help charitable organizations continue raising the funds they need to achieve their critical missions close to home in local communities.
- Several universal charitable deduction bills include: Universal Charitable Giving Act (H.R. 5293), introduced by Rep. Mark Walker (R-NC); the Charitable Giving Tax Deduction Act (H.R. 651), introduced by Reps. Henry Cuellar (D-TX) and Chris Smith (R-NJ); and H.R. 1260 introduced by Rep. Danny Davis (D-IL)
  - ASK for Representatives: We ask you to co-sponsor bills (or thank them if they have sponsored or co-sponsored the bills). Let them know we will need the coming months to

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2 https://philanthropy.iupui.edu/news-events/news-item/generosity-for-life,-a-new,-interactive-web-platform-on-charitable-giving,-launches-today-.html?id=239
work with Congress to determine the best path forward but hope we can at least have them on record in support of expanding the charitable deduction to all Americans.

Legacy IRA

- Introduced in the Senate as S. 1257 by Senators Kevin Cramer (R-ND) and Debbie Stabenow (D-MI), senior member of Senate Finance Committee. It was introduced in the House as H.R. 3832 by Representatives Don Beyer (D-VA) and Mike Kelly (R-PA) who both serve on the House Ways and Means Committee.
- This legislation builds on and expands the existing IRA Charitable Rollover that was first created by Congress in 2006 and made permanent in 2015.
- The IRA Charitable Rollover provision allows individuals to make direct tax-free charitable gifts up to $100,000 from their IRA starting at age 70½.
- Since its enactment, the IRA Charitable Rollover has generated millions of dollars in new or increased contributions to local and national charities. And this form of giving is growing exponentially. According to a Chronicle of Philanthropy article, the average growth of IRA rollover gifts from 2017 to 2018 was 73.8% due mostly to demographic and tax changes.
- The Legacy IRA Act would expand the IRA Charitable Rollover to allow seniors starting at age 65 to make tax-free IRA rollovers to charities through life-income plans (charitable gift annuity or charitable remainder trust). It provides a guaranteed income for the senior for life and supports charities without negatively affecting federal tax payments since the senior’s annual retirement income from the life-income plan is fully taxed. Congress can easily increase charitable giving from middle-income seniors by passing the Legacy IRA bill.

Support the 2020 Census

- We thank Congress for providing sufficient funding of the Census Bureau in 2020 to ensure a fair and accurate census count, a process critical to our democracy and to our work.
- When census information is not accurate, it threatens to muffle the voices of undercounted groups and regions, and undermine equitable political representation that is central to our democracy as well as negatively affect the distribution of $1.5 Trillion in federal dollars a year to states, cities and municipalities affecting their economic prosperity and quality of life for a decade or more.
- Complete census data must be guaranteed protection and leaders should be vocal about ensuring that everyone’s information will be secure as stated in the law. We hope that you will stand in support of protecting this data.
- Institutions across the country—including local and state governments, businesses, nonprofits and foundations— routinely rely on data from the census to allocate funding, define where services are delivered, and promote economic development. We hope you will do everything possible in your state to support a fair and accurate census.
- The top three actions that the Census Bureau should take immediately to increase the efficacy of outreach to hard-to-count groups include:
  - The Census Bureau and its federal and private sector partners must do everything possible to ensure the security of 2020 Census IT systems and personal census data they contain. The Census Bureau should update Congress on the status of these activities and show it is spending resources in the manner that Congress directed.
  - The Census Bureau should expand planned communications and advertising
outreach to hard-to-count communities and considering expanding the advertising campaign to run the duration of the Nonresponse Follow-up.

• The Census Bureau should spend funding allocated in FY20, including to support enumeration during non-response follow up and enhanced outreach to HTC communities.

### Theme 3: Targeted and/or Local Issue Areas

#### Targeted or Local Issues, and Tailored Messages to Each Specific Member of Congress

a. Issue relevant to key committee members who represent your state
   i. Example: Discussing a tax issue with a Representative on the Ways and Means Committee

b. Issue relevant to a piece of legislation your member of Congress has sponsored or co-sponsored
   i. Example: Discussing Universal Charitable Deduction with Rep. Walker

c. Issue based on focus areas of specific foundation(s)
   i. Example: Immigration policy discussion if many of your delegation members are working in this area

d. Issue based on state or local policy affected by federal policy
   i. Example: Discussion of the effect of Treasury’s state and local tax credit rule on state charitable tax credit programs

### Background Information on Legacy IRA

- This legislation offers an opportunity for Congress to support middle-income seniors who have a charitable intent but also need retirement income. Charitable donors have been setting up charitable gift annuities for over 100 years, which have long been regulated by state insurance departments. The donor receives lifetime payments and the charity receives any remainder when the donor passes away.

- The Legacy IRA bill provides seniors with another giving option by allowing them to use their Individual Retirement Account dollars to fund a gift annuity; a way for donors of average resources to combine charitable gifts with retirement income. It is estimated that seniors have $3-$5 trillion in IRA assets, and they make up approximately half or more of a charity’s loyal donors. Because the IRA Charitable Rollover allows seniors to exclude charitable distributions from income, seniors with IRA resources, regardless of itemizing status, will benefit from this important charitable giving incentive

### Background Information on the Charitable Giving Tax Incentive Bills

Regarding a charitable giving tax incentive, there are a few proposals being circulated:

- **Charitable Giving Tax Deduction Act (H.R. 651) – Rep. Chris Smith (R-NJ) and Rep. Henry Cuellar (D-TX):** This bill extends the charitable deduction to all taxpayers without additional limitations beyond the existing AGI limits. This proposal is the ideal for the sector, but will be less politically feasible because of the lack of limitations on the deductions i.e. cost to the Treasury.
• **H.R. 1260 – Rep. Danny Davis (D-IL):** This bill is almost identical to H.R. 651; it would create a universal charitable deduction, regardless of whether taxpayers itemize, to deduct their charitable donations.

• **Universal Charitable Giving Act – Rep. Mark Walker (R-NC):** Extends charitable deduction to non-itemizers, but capped at 1/3 of the standard deduction; More politically feasible because of the cost-control measure, but limits benefit of the deduction.