

Charitable Deduction Expansion to support COVID-19-related needs

The nonprofit sector is the third largest employer in the United States. More importantly, charities that provide health and economic assistance to those in need will be crucial to the recovery of our families and communities that are impacted by COVID-19. We need help from Congress to ensure we can meet significant increases in need, and in some cases just to keep our doors open.

The Paycheck Protection Program has been instrumental in the short term survival of many small charities, including local United Ways. But many charities with more than 500 employees have been left with no choice but to lay-off workers and significantly cut services. The second half of 2020 will present even more challenges for charities as donations go down and needs grow.

Among other steps, Congress can quickly bolster capacity of private charities by relieving private donors from federal taxes on income they donate.

Tax policy influences all sorts of behavior, from buying a house to business investments. While people give to charities for altruistic reasons, relieving the tax burden increases donations. The tax deduction is the reason over 10% of all giving occurs the last three days of December every year.

We are grateful that The CARES Act included a \$300 nonitemizer deduction. It's a good start!

In the House, bills creating a nonitemizer deduction have been introduced by Congressman Danny Davis (D-IL); Congressmen Chris Smith (R-NJ) and Henry Cuellar (D-TX); and, Congressman Mark Walker (R-NC).

In the Senate, Senators James Lankford (R-OK) and Chris Coons (D-DE), in collaboration with a diverse bi-partisan group, will be introducing a bill to significantly increase the nonitemizer deduction for 2020. [See letter in support by 3200 charities here.](#)

We urge Members of Congress to cosponsor one of the House bills and Senators to cosponsor the Lankford/Coons bill. We ask that these bills be included in the next COVID-19 relief package.

COVID-19 Impact on Charities

According to the BBB Wise Giving Alliance Special Report on COVID-19:

Survey of Charities:

- 80.5% of charities anticipate lower 2020 revenue.
- Of those, 93.5% anticipate donors will be less able to give.
- 89.4% of charities are concerned about maintaining a financially stable organization.
- 18.3% of charities anticipate 2020 expenses will increase.

Survey of Donors:

- Only 30.8% of donors expect to give more in 2020.
- Of those giving less, a majority cite lost income or the need to conserve.

