

Journal

of the DMA Nonprofit Federation

CHARITABLE GIVING SHOULD NOT BE PUNISHED

United States Senator John Thune, South Dakota

It is a remarkable statement on the character of the American people that in difficult economic times, individuals give generously to those who are less fortunate than themselves. President Kennedy once said, “The raising of extraordinarily large sums of money, given voluntarily and freely by millions of our fellow Americans, is a unique American tradition.” This spirit of generosity is something we should celebrate and promote, not discourage. Unfortunately, the Obama Administration has proposed reducing the tax deduction for charitable giving, which would discourage individuals from giving money at a time when many are struggling.

Charities provide invaluable public services to those in need, especially during difficult economic times. The services provided by charitable organizations are frequently more targeted, more effective, and more sustainable than comparable government services.

cont. on page 6



Also in
this Issue

- 9** Premium Fundraising: Where Art Meets Science
 - 11** State Charity Registration Laws
 - 16** The Way We Write Is All Wrong
 - 23** New Leadership, New Century: NAACP Case Study
 - 26** Cutting Your Print Newsletter? Think Again!
- And MORE...



**Nonprofit Day at
DMA09**
October 19, 2009 | San Diego, CA

WHAT'S FOR YOU AT DMA09?

How about a whole day designed with your issues and concerns in mind.

Experience sessions designed for nonprofit direct marketers and fundraisers such as:

- 1 Creating Loyalty Through Experience
- 2 Advanced Fundraising: What's Next for Direct Marketing

You'll also get your creative juices flowing while walking the exhibit hall floor and collaborating with your colleagues in an exclusive nonprofit networking reception.

To RSVP for this event, contact Helen Lee at 202.861.2496 or via email at hlee@the-dma.org.

DMA•09

CONFERENCE & EXHIBITION

October 17 - 22, 2009

San Diego Convention Center

San Diego, California

For more information visit,
www.dma09.org

Mention Keycode NPJ
when signing up.

Charitable Giving Should Not Be Punished

continued from cover

I am not suggesting that people make charitable donations solely in the interest of receiving a tax break. Instead, Congress has long used the tax code as a means to facilitate charitable giving. While the charitable donation deduction is not the primary motivation for generosity, any decrease in the deduction will limit potential philanthropy, with the beneficiaries of charitable organizations suffering the most.

In 2007, Americans gave more than \$300 billion, roughly two percent of our gross domestic product, to charitable causes. Roughly three-fourths of these donations came from individuals. This scale of generosity is unmatched in the world. It is estimated that 70 percent of American households make charitable contributions on an annual basis.

Studies of the reduction of the charitable tax deduction proposed by President Obama earlier this year indicate a reduction in charitable giving by as much as \$8 to \$16 billion annually. To impose these losses on charities at a time when the troubled economy is already costing charitable organizations billions of dollars would be disastrous.

The Foundation Center, a leading authority on American philanthropy, recently released a report detailing the severe impact of the economic downturn on charitable organizations. According to the report, foundations lost over \$150 billion in assets in 2008. A recent survey of 900 nonprofit organizations found that only 12 percent of surveyed organizations expected to finish 2009 with an operating surplus, compared to the 40 percent that ended the year with an operating surplus in 2008.

Protecting the full tax deduction for charitable giving should be a top legislative priority for the nonprofit sector. President Obama's Fiscal Year 2010 Budget proposed reducing the deduction, and the President and administration budget officials have continually defended the proposal. Earlier this year, I offered a "Sense of the Senate" resolution as an amendment to the National Service Bill that expressed support for the preservation of the full deduction for charitable giving. Unfortunately, the amendment failed in the Senate by a single vote.

The issue was again debated in the Senate when the FY2010 budget was considered. I again offered an amendment to preserve the full tax deduction for charitable giving, and this time the amendment was successful by an overwhelming, bipartisan 94 to 3 vote. Unfortunately, my amendment was not included in the final budget resolution.

The issue of tax deductions for charitable giving is not likely to go away. A struggling economy means more families and individuals will need extra assistance, which will lead to further strain on the budgets of charitable organizations. I am confident that Americans will continue to be generous with charitable donations and volunteer work to help the less fortunate, and I believe the federal government should remain dedicated to facilitating private acts of charity and compassion. Together, we must continue to raise awareness of this issue in the United States Congress to ensure that the unique American tradition of giving continues. ■

John Thune represents the state of South Dakota in the United States Senate. Thune serves on the Agriculture, Nutrition & Forestry Committee, the Armed Services Committee, the Commerce, Science & Transportation Committee, and the Small Business Committee.