

September 21, 2009

The Honorable Max Baucus
United States Senate
511 Hart Senate Office Building
Washington, DC 20510-2602

Dear Chairman Baucus:

As a coalition representing a broad cross-section of charities across the country, we strongly urge you to protect the value of the charitable deduction. With so many Americans relying on the charitable sector, now is simply not the time to jeopardize the charitable gifts that are so important to its strength.

Currently, taxpayers earning more than \$200,000 (and families earning more than \$250,000) annually can take itemized charitable deductions at a rate equal to their marginal tax bracket (33 percent or 35 percent). A number of amendments to the America's Healthy Future Act of 2009 would cap the value of itemized deductions to 33 percent or 35 percent for taxpayers whose income tax brackets would increase to 36 percent or 39.6 percent in 2011.

Charitable organizations are dealing with enormous financial challenges stemming from the economic downturn. Charities have seen an increased demand for their services as individuals and families struggle with financial uncertainty. At the same time, many state and local governments, facing their own budget challenges, have delayed or reduced payments for services provided by charitable organizations. Facing this combination of growing demand and delayed payments, charities are increasingly turning to private sources for support in a tough charitable giving environment.

Limiting the value of the charitable deduction would hurt these efforts by creating a disincentive for individuals and households who give the most to charitable organizations. According to the 2008 Bank of America Study on High Net-Worth Philanthropy, high net-worth households (household income greater than \$200,000 and/or net worth of at least \$1 million) account for between 65 and 70 percent of all individual giving in America. And while these individuals and households would probably continue to give if the value of the charitable deduction is reduced, it would likely affect the timing and size of their gifts. Even though the proposals would not take effect until 2011, charities report that donors are already delaying gifts and multi-year pledges.

In addition, a recent study conducted by Michelle and Robert Yetman at the University of California at Davis found that donations to charities that appeal to higher human needs, such as education, arts and culture, and environmental causes, are very sensitive to tax incentives. The authors suggest that decreasing the value of the charitable deduction will likely decrease donations received by these types of charitable organizations.

Again, we urge you to protect the value of the charitable deduction. The charitable deduction, unlike other itemized deductions, encourages people to voluntarily give away their resources for the benefit of others. If anything, incentives for this type of behavior should be enhanced, not reduced. We look forward to working with you, your staff and the Administration to identify additional ways to encourage increased charitable giving among all individuals.

Sincerely,



John H. Graham IV, CAE
President and CEO
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Executives



Paulette V. Maehara, CFRE, CAE
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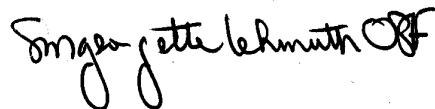
Steve Gunderson
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John Ashmen
President/CEO
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Vice President for Public Policy &
Director of the Washington Office
United Jewish Communities



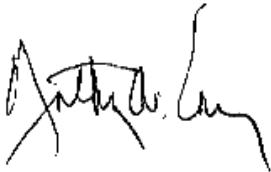
Sr. Georgette Lehmann, OSF
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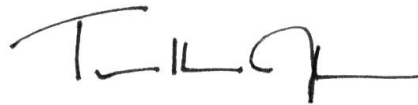
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