

An Open Letter from Economists on the Charitable Deduction

As Congress and the Administration deliberate fundamental tax reform, a variety of voices will fairly claim their tax situation is unique, deserving of special treatment. However, only the charitable deduction can make this case without reservation or equivocation. It truly is unique in purpose and consequence, and should be retained in any income tax reform.

For every other tax incentive, the tax benefit follows some action or aspect relating directly to and benefitting the taxpayer. A donor making a charitable deduction, in contrast, benefits neither the taxpayer nor the receiving institution, but rather the population that institution serves, whether unwed mothers, the environment, education, or religious engagement.

The social safety net comprises strands from government at all levels interwoven with services provided by national philanthropic organizations like the Red Cross, and local organizations addressing local needs. As a society we reap tremendous benefits in cost and effectiveness by relying extensively on these private institutions. Parsimonious with their resources, their efforts are often leveraged many times over by dedicated, unpaid volunteers inspired to support their communities in ways and to a degree federal programs cannot hope to match. One needn't disparage federal social safety net programs to acknowledge the tremendous advantages to society, and the important budgetary savings, from relying on volunteer-driven, private, philanthropic organizations across the country. These organizations and volunteers would not achieve the same kind of success without the charitable deduction and the generous support of philanthropic Americans.

A charitable donation is a selfless act. It is also an economic act, transferring resources from the donor to those in need. And according to the Joint Committee on Taxation last year individuals gave away almost \$218 billion. As the resources no longer remain with the donor, it would be illogical to tax the donor on those resources as though they remained the donor's property. As Congress advances fundamental tax reform, as professional economists we urge all negotiating parties to preserve the charitable deduction as a proper, beneficial, and socially cost-effective feature of the federal individual income tax and contributor to a civil society.

Respectfully,

Rudy Penner <i>Former Director, CBO</i>	Michael P. Niemira <i>Int'l Council of Shopping Centers</i>	John M. Heineke <i>Santa Clara U.</i>	W. J. Lane <i>U. of New Orleans</i>	Stephen R. Lewis, Jr. <i>Carleton College</i>	Larry Harris <i>U. of Southern Cal.</i>	Susan Christoffersen <i>Philadelphia U.</i>	Suzanne Heller Clain <i>Villanova University</i>	H. L. Nagel <i>St. Johns University</i>	Neil T. Skaggs <i>Illinois State U.</i>
Edward C. Prescott <i>Nobel Laureate in Economics Arizona State U.</i>	George G. Pennacchi <i>U. of Illinois, Urbana-Champaign</i>	Neil E. Harl <i>Iowa State University</i>	Kathy Krynski <i>Kenyon College</i>	Bernard Baumohl <i>The Economic Outlook Group, LLC</i>	Bruce Webb <i>Gordon College</i>	William Beranek <i>University of Georgia</i>	Kent Olson <i>Oklahoma State U.</i>	John A. Powers <i>U. of Cincinnati</i>	Judith W. Mills <i>Southern Conn. State University</i>
J.D. Foster <i>Heritage Foundation</i>	Roger B. Betancourt <i>U. of Maryland</i>	Art Goldsmith <i>Washington & Lee U.</i>	Muhammad Q. Islam <i>Saint Louis U.</i>	P.J. Hill <i>Wheaton College</i>	Evangelos Otto Simos <i>U. of New Hampshire</i>	Richard J. Cebula <i>Jacksonville U.</i>	G. Geoffrey Booth <i>Michigan State U.</i>	Elliott Parker <i>U. of Nevada, Reno</i>	Oded Palmon <i>Rutgers University</i>
John Greenhut <i>Texas A&M U., Commerce</i>	Gregory Burge <i>U. of Oklahoma</i>	Richard E. Ericson <i>East Carolina U.</i>	Warren L. Jones <i>Western Illinois U.</i>	Robert I. Lerman <i>American University</i>	William Schulze <i>Cornell University</i>	Andrew R. Blair <i>U. of Pittsburgh</i>	Patricia Byrnes <i>U. of IL, Springfield</i>	Mark Weinstein <i>U. of Southern Cal.</i>	Alan Rufus Waters <i>Cal. State U., Fresno</i>
Tyler Cowen <i>George Mason U.</i>	Amy Glass <i>Texas A&M U.</i>	Lance Howe <i>U. of Alaska</i>	George Langelett <i>South Dakota State U.</i>	Richard Schmalensee <i>MIT</i>	David L. Cleeton <i>Illinois State U.</i>	Christopher C. Bamekov <i>FCC, retired</i>	Matthew Mitchell <i>University of Toronto</i>	Charles K. Rowley <i>George Mason U.</i>	Pai-Ling Yin <i>MIT</i>
Kenneth Elzinga <i>U. of Virginia</i>	Peter Arcidiacono <i>Duke University</i>	Martin F. Grace <i>Georgia State U.</i>	Ronald W. Jones <i>U. of Rochester</i>	Andrew Samwick <i>Dartmouth College</i>	Stacie E. Beck <i>U. of Delaware</i>	Michael Adler <i>Columbia University</i>	Steve Morse <i>U. of Tennessee</i>	Michael Sykuta <i>U. of MO, Columbia</i>	David Ranson <i>H. C. Wainwright & Co. Economics Inc.</i>
Earl L. Grinols <i>Baylor University</i>	R. L. Promboin <i>U. of Maryland</i>	K. C. Fung <i>U. of Cal., Santa Cruz</i>	Martha Paas <i>Carleton College</i>	Mark Ottoni-Wilhelm <i>Indiana University</i>	Robert A. Baade <i>Lake Forest College</i>	Carl Campbell <i>Northern Illinois U.</i>	June O'Neill <i>City U. of New York</i>	Richard T. Selden <i>U. of Virginia</i>	J. Dewey Daane <i>Vanderbilt University</i>
Steve Gardner <i>Baylor University</i>	Mario J. Crucini <i>Vanderbilt University</i>	King Hurlock <i>Calvert Investment Counsel</i>	C. M. Rendleman <i>Southern Illinois U.</i>	Spiro E. Stefanou <i>Pennsylvania State U.</i>	Donald E. Campbell <i>College of William and Mary</i>	Douglas O. Cook <i>U. of Alabama</i>	John A. Sorrentino <i>Temple University</i>	Teresa Tharp <i>Valencia College</i>	William McEachern <i>U. of Connecticut</i>
Joseph A. McKinney <i>Baylor University</i>	Arnold R. Cowan <i>Iowa State University</i>	Dianne Wilner Green <i>Green Acres Technology</i>	Scott Drewianka <i>U. of WI, Milwaukee</i>	Raymond Sauer <i>Clemson University</i>	Douglas T. Breeden <i>Duke University</i>	Anup Agrawal <i>U. of Alabama</i>	Douglas E. Morris <i>U. of New Hampshire</i>	Larry C. Peppers <i>Washington & Lee U.</i>	Markos J. Mamalakis <i>U. of WI, Milwaukee</i>
Tom Nisbett <i>The Nisbett Group</i>	Steven G. Craig <i>University of Houston</i>	Thomas S. Nesselin <i>U. of WI , Green Bay</i>	Kristina M. Lybecker <i>Colorado College</i>	Jingyo Suh <i>Tuskegee University</i>	Baizhu Chen <i>U. of Southern Cal.</i>	Peter Brust <i>University of Tampa</i>	Walton Padelford <i>Union University</i>	Andrew Light <i>Liberty University</i>	Todd P. Steen <i>Hope College</i>
David E. Mills <i>U. of Virginia</i>	J. Jay Choi <i>Temple University</i>	Richard Rawlins <i>Missouri Southern State University</i>	Keith Malone <i>U. of North Alabama</i>	Martin Shubik <i>Yale University</i>	Steven Cobb <i>Xavier University</i>	David L. Chicoine <i>South Dakota U.</i>	Stephen W. Salant <i>U. of Michigan</i>	Mukti Upadhyay <i>Eastern Illinois U.</i>	Dr. Robert Wisner <i>Iowa State University</i>
John Ruggiero <i>U. of Dayton</i>	Robert Whaples <i>Wake Forest U.</i>	James S. Hanson <i>Wilamette University</i>	Lee Meyer <i>U. of Kentucky</i>	Michael Smitka <i>Washington & Lee U.</i>	James Barth <i>Auburn University</i>	Michael Brennan <i>UCLA</i>	Scott Linn <i>U. of Oklahoma</i>	Lawrence Southwick <i>University at Buffalo</i>	Richard Timberlake <i>University of Georgia</i>
Adel S Z Abadeer <i>Calvin College</i>	Joe Kennedy <i>Kennedy Research, LLC</i>	James S. Hanson <i>Wilamette University</i>	Tony Prato <i>U. of Missouri</i>	Thomas B. Petska <i>IRS, retired</i>	Nancy Bertaux <i>Xavier University</i>	John H. Boyd III <i>Florida Int'l U.</i>	Shyam Sunder <i>Yale University</i>	A. Seddik Meziani <i>Montclair State U.</i>	Bruce Wydick <i>U. of San Francisco</i>
Kenneth Carow <i>Indiana University</i>	John Volpe <i>Catholic University</i>	Patricia Hughes <i>St. Cloud State U.</i>	Lee Meyer <i>U. of Kentucky</i>	Randal Verbrugge <i>Georgetown U.</i>	Donald Booth <i>Chapman University</i>	Tareque Nasser <i>Kansas State U.</i>	Philip Rothman <i>East Carolina U.</i>	Robert A. Strong <i>University of Maine</i>	Patricia Dillon <i>Scripps College</i>
Sanjai Bhagat <i>U. of Colorado</i>	Arnold R. Cowan <i>Iowa State University</i>	David M. Nelson <i>Western Washington University</i>	David M. Nelson <i>Western Washington University</i>	Edward Tower <i>Duke University</i>	Kalyan Chatterjee <i>Pennsylvania State U.</i>	Gregory Givens <i>U. of Alabama</i>	Robert E. Moore <i>Georgia State U.</i>	Jody Lipford <i>Presbyterian College</i>	Richard Sheehan <i>U. of Notre Dame</i>
Roger B. Porter <i>Harvard University</i>	Claudia Goldin <i>Harvard University</i>	Eric Rasmusen <i>Indiana University</i>	Eric Rasmusen <i>Indiana University</i>	Richard Curtin <i>U. of Michigan</i>	John P. Bonin <i>Wesleyan University</i>	Lawrence R. Cima <i>John Carroll U.</i>	Robert C. Wolf <i>U. of WI, La Crosse</i>	Leslie E. Papke <i>Michigan State U.</i>	John P. Tiemstra <i>Calvin College</i>
James VanderHoff <i>Rutgers-Newark</i>	Robert Feenstra <i>U. of Cal., Davis</i>	Thomas Mayer <i>U. of Cal., Davis</i>	Thomas Mayer <i>U. of Cal., Davis</i>	Virginia Wilcox- Gök <i>Northern Illinois U.</i>	Arthur Blakemore <i>Arizona State U.</i>	Robert Alexander <i>Sweet Briar College</i>	Huseyin Yildirim <i>Duke University</i>	Robert Seeley <i>Wilkes University</i>	Arthur J. Rolnick <i>U. of Minnesota</i>
Dennis Halcoussis <i>Cal. State U. Northridge</i>	David I. Goldenberg <i>Fairleigh Dickinson University</i>	Hamid Mohtadi <i>U. of WI , Milwaukee</i>	Hamid Mohtadi <i>U. of WI , Milwaukee</i>	David Zilberman <i>U. of California</i>	Samuel K. Andoh <i>Southern Conn. State University</i>	Philip Brock <i>U. of Washington</i>	Donald J. Oswald <i>Cal. State U., Bakersfield, retired</i>	Marc J. Melitz <i>Harvard University</i>	Sven E. Wilson <i>Brigham Young U.</i>
Richard E. Just <i>U. of Maryland</i>	Peter Lewin <i>U. of Texas at Dallas</i>	John F. Olson <i>College of St. Benedict</i>	John F. Olson <i>College of St. Benedict</i>	Philip Trostel <i>University of Maine</i>	Byron Brown <i>Michigan State U.</i>	Nelson C. Mark <i>U. of Notre Dame</i>	Dennis Muraoka <i>Cal. State U., Channel Islands</i>	Wallace Oates <i>U. of Maryland</i>	Brian Strow <i>Western Kentucky U.</i>
N. Gregory Mankiw <i>Harvard University</i>	Mark Isaac <i>Florida State U.</i>	Daniel Heath <i>Georgetown U.</i>	Daniel Heath <i>Georgetown U.</i>	Subarna K. Samanta <i>College of New Jersey</i>	Leo J. Navin <i>Bowling Green State University</i>	Cyrus Bina <i>U. of Minnesota</i>	Bonnie Wilson <i>Saint Louis U.</i>	Lee E. Ohanian <i>Hoover Institution</i>	John Brock <i>U. of Colorado, Colorado Springs</i>
Frank Egan <i>Trinity College</i>	Stephen M. Miller <i>University of Nevada, Las Vegas</i>	Kevin McCabe <i>George Mason U.</i>	Kevin McCabe <i>George Mason U.</i>	Richard W. Stratton <i>University of Akron</i>	Case Sprenkle <i>U. of Illinois, Urbana-Champaign</i>	Timothy F. Slaper <i>Indiana Business Research Center</i>	Stephen D. Younger <i>Ithaca College</i>	Erik Thorbecke <i>Cornell University</i>	
Don M. Chance <i>Louisiana State U.</i>	Jonathan E. Leightner <i>Georgia Regents U.</i>	Clifford S. Russell <i>Vanderbilt University</i>	Clifford S. Russell <i>Vanderbilt University</i>	J. Gregg Whittaker <i>William Jewell College</i>	Christine Chmura <i>Chmura Economics & Analytics</i>	Stephen D. Cohen <i>American University</i>	Chee Ng <i>Fairleigh Dickinson University</i>	Mario J. Miranda <i>Ohio State U.</i>	
C. Barry Pfizner <i>Randolph-Macon College</i>	Kang Park <i>Southeast Missouri State University</i>	Douglas M. Patterson <i>Virginia Tech</i>	Douglas M. Patterson <i>Virginia Tech</i>	Michael Woodford <i>Columbia University</i>	Rajnish Mehra <i>Arizona State U.</i>	Martin C. Spechler <i>Indiana University</i>	Martin C. Spechler <i>Indiana University</i>	George M. Perkins <i>Bates College</i>	
	Paul M. Jakus <i>Utah State University</i>	Margaret Malixi <i>Cal. State U., Bakersfield</i>	Margaret Malixi <i>Cal. State U., Bakersfield</i>	Marina v.N. Whitman <i>U. of Michigan</i>	James D. Adams <i>Rensselaer Polytechnic Institute</i>	Paul Pieper <i>U. of Illinois, Chicago</i>	Richard MacMinn <i>Illinois State U.</i>	Noralyn Marshall <i>Risk Management Advisors</i>	
	Daniel Hamermesh <i>U. of Texas at Austin</i>								