



FREQUENTLY ASKED QUESTIONS AND SUGGESTED ANSWERS

Q *What is Philanthropy Week in Washington?*

A Now in its third year, **Philanthropy Week in Washington** is a week-long series of events and activities that highlight the role of philanthropy in society. Hosted by the Council on Foundations, over 200 philanthropic leaders from across the country will meet in Washington D.C. to discuss the role and impact of philanthropy.

The centerpiece event of **Philanthropy Week in Washington** is Foundations on the Hill (FOTH), hosted by the Forum of Regional Associations of Grantmakers in collaboration with the Council on Foundations. During FOTH, regional associations and foundation leaders will meet with members of Congress and staff to discuss the role of philanthropy in their state or district. They will also discuss how decisions in Washington may impact the communities they serve.

Q *What is the focus of Philanthropy Week this year?*

A **Philanthropy Week in Washington** 2016 shines a spotlight on American philanthropy's the critical role as a unique stakeholder in collective efforts to address some of today's toughest challenges. Working with government, business, civic leaders and nonprofits, philanthropy can be a dynamic partner that leverages its resources and leadership for the common good.

Q *There is growing speculation that tax reform won't move forward this year, and perhaps not until after the 2016 election. Why are you still concerned?*

A Both tax-writing committees have been working for several years, under the leadership of both Republican and Democrat committee chairman, to lay important groundwork and conduct research for comprehensive reform of America's tax code. The current Senate Finance Chairman, Orrin Hatch (R-UT) and House Ways and Means Chairman, Kevin Brady (R-TX-8), along with Speaker of the House Paul Ryan (R-WI-1), have all expressed their commitment to pursuing comprehensive tax reform in the near future. The philanthropic sector stands by as a resource to lawmakers on the parts of the tax code that impact philanthropy.

Last year, the five separate working groups within the Senate Finance Committee looked at a wide range of issues, including both individual tax incentives for charitable giving and provisions that would impact the operations of charitable organizations like foundations. The Council and many of our colleagues in the field have been engaged in the tax reform process, and as the groundwork continues to be laid we will continue to ask Congress to weigh the potential implications – both negative and positive – on organizations like ours prior to changing the tax code.

Q *What is the Congressional Philanthropy Caucus? What is its purpose?*

A The House and Senate Philanthropy Caucuses were established in 2007 and 2008, respectively. Their purpose is to inform members of Congress and their staff about the important role that philanthropy and individual foundations have on communities around the world.

Senate Chairs:
Sen. Chuck Schumer (D-NY)
Sen. Richard Burr (R-NC)

House Chairs:
Congressman Pat Tiberi (R-OH-12)
Congressman John Lewis (D-GA-5)

Q *Donor-Advised Funds (DAFs) seem to be of great interest to community foundations. Is there a distinction between DAFs managed by community foundations and DAFs managed elsewhere?*

A DAFs are one of many philanthropic tools that are available for people to channel their philanthropic giving to projects and programs that build and support their communities. Community foundations, in particular, enable people to “give where they live” through such mechanisms. The staff who manage DAFs are subject matter experts with in-depth knowledge of the issues of concern in their communities.

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Community foundations provide leadership and work with a wide variety of stakeholders, like schools, nonprofits, and community residents, to understand where a gift can make the most strategic impact. Community foundations can also leverage the collective impact of their funds with other similar DAFs that share a common interest in a specific issue, like child health or adult learning, to make larger contributions and have a more sustained impact.

Q *What are the unique benefits offered by community foundation DAFs?*

A A 2014 Urban Institute survey of DAFs managed by community foundations found several unique benefits offered by community foundation DAFs, including:

- DAFs help community philanthropy endure.
- DAFs encourage lasting civic engagement.
- DAFs build stronger communities.

Q *We know there have been proposals put forth to regulate the rate at which DAFs must pay out their funds each year. Where do you stand on these proposals?*

A We strongly oppose any annual payout requirement for donor advised funds either at the fund level or in the aggregate. We urge Congress to preserve current law regulating DAFs.

A primary benefit of philanthropic giving is the ability to be flexible and innovative in directing resources to find solutions during times of need and/or as part of a long-term plan to support specific causes. DAFs are a unique philanthropic tool that allow donors to establish charitable accounts at institutions, such as community foundations, and remain involved in supporting the issues and causes they care about.

Public policy should support and strengthen philanthropy and the community it serves, not threaten or weaken it. DAFs have been in existence and supporting meaningful work in communities for years.

Q *For several years, philanthropic and charitable organizations have asked Congress to make permanent the IRA charitable rollover. Where does the rollover stand this year?*

A On December 18, 2015, the IRA charitable rollover was passed by Congress and signed into permanent law by the President as part of the **Protecting Americans from Tax Hikes (PATH) Act**. This victory marked a culmination of years of advocacy by the Council and the sector, and a momentous win for philanthropy.

While a permanent IRA charitable rollover is a great step forward, this popular giving tool has not yet reached its full potential. We ask Congress to make this charitable giving tool available to more taxpayers by eliminating the \$100,000 cap, allowing donors to make rollovers beginning at age 59 1/2, and permitting rollovers to donor advised funds. We have made significant headway in Congress on expansion and will actively keep it in front of Congress for future tax reform.

Q *We know that private foundations have been asking Congress to simplify the private foundation excise tax for years. Why?*

A The current private foundation excise tax is complicated to administer and, because of its overly complicated, two-tier structure. For many years the Council and our colleagues, tax experts, and even the Joint Committee on Taxation, have recommended simplifying the tax to a single, flat rate.

Under the current tax system, foundations can actually be penalized with higher taxes when they give more during times of extraordinary need. The tax is also complicated and unpredictable, requiring foundation staff to constantly monitor and adjust their investments and spending – time that would be better spent serving their communities.