

March 12, 2012

The President  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Dear Mr. President:

As a coalition representing a broad cross-section of nonprofit organizations across the country, we support the language included in the “Buffett rule” proposal in your Administration’s FY 2013 Budget that maintains the charitable deduction for those earning \$1 million a year or more.

The charitable deduction is different than other itemized deductions in that it encourages individuals to give away a portion of their income to those in need. It rewards a selfless act, and it encourages taxpayers to give more funds to charities than they would otherwise have given. Data suggests that for every dollar a donor gets in tax relief for his or her donation, the public typically receives three dollars of benefit. No other tax provision generates that kind of positive public impact.

Because the charitable deduction is unique and promotes giving to benefit society, we encourage you to reconsider proposals to limit the value of itemized deductions for charitable contributions, such as the proposal in the FY 2013 Budget that would cap itemized deductions at 28 percent for certain taxpayers. This proposed cap contradicts and undermines the concept that the charitable deduction is unique and should be protected from any changes that would otherwise diminish its impact. The proposed cap would have long-lasting negative consequences on the charitable organizations upon which millions of Americans rely for vital programs and services.

Higher income taxpayers account for the majority of individual giving. According to a recent Congressional Budget Office report on the tax treatment of charitable giving, tax filers who reported an adjusted gross income of at least \$100,000 in 2008 were responsible for well over half (about 58 percent) of all charitable giving by taxpayers.

People give to worthwhile causes for many reasons—incentives such as tax deductions being among them. Tax incentives make more and larger gifts possible. The federal government has acknowledged this trend. During times of crisis, such as the natural disasters like Hurricane Katrina, the 2008 Midwest flooding and the 2010 Haiti earthquake, Congress regularly passes charitable giving incentives to make it easier for Americans to give donations and support to nonprofits serving individuals, families and communities in need.

Charities bridge the gap by serving those in need as budgetary constraints hinder states and the federal government from providing services. These charity-provided services are critical. If giving decreases, the nonprofit sector is harmed as well as those in the lowest income brackets who rely heavily upon charitable services. If the charitable deduction is capped, reduced or

eliminated, wealthy Americans will not bear the brunt of any changes made to itemized deductions that negatively impact charitable giving—those who are most in need will.

Charities have a very positive impact on the American economy. In 2009, nonprofits employed 13.5 million individuals, or approximately 10 percent of the country's workforce. Employees of nonprofit organizations received roughly 9 percent of wages paid in the U.S. in 2009, and the nonprofit sector paid \$668 billion in wages and benefits to its employees.

Again, we appreciate the language included in the Buffett rule proposal that preserves the charitable deduction and recognizes the distinctive place that this deduction holds in the tax code and our civil society. At the same time, we respectfully urge you to reconsider your proposal to limit the value of the charitable deduction for certain taxpayers.

As charities struggle to meet increased demands for their services and raise additional funds, we must encourage everyone, regardless of income and wealth, to give more. We look forward to working with you and your staff on this issue and on any other issues affecting the charitable sector.

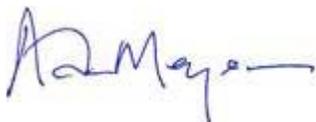
Sincerely,



Steven S. Taylor  
Senior Vice President & Counsel, Public  
Policy  
United Way World Wide



John Lippincott  
President  
Council for Advancement and Support of  
Education



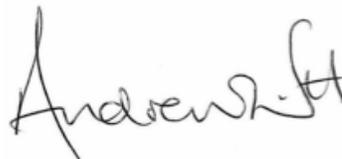
Adam Meyerson  
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Lois L. Fu  
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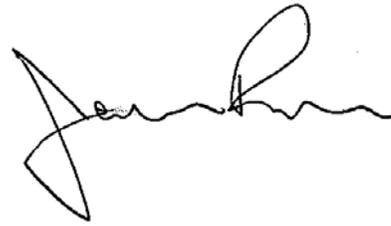
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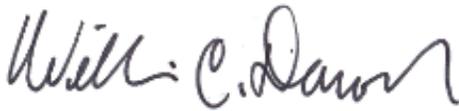
Jesse Rosen  
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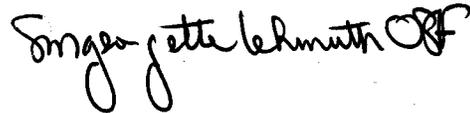
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