The recent increase in the standard deduction cut in half the number of taxpayers who will benefit from a tax deduction for charitable donations, likely resulting in reduced giving to the work of charitable nonprofits in communities throughout America. Congress needs to enact a universal or non-itemizer deduction to provide a charitable giving incentive to all taxpayers, regardless of whether they itemize on their tax forms.

**The Public Good Needs Public Support:** The work of charitable nonprofits affects every community in every county across the country. Nonprofits of all sizes and all subsectors rely on charitable donations to help pay for delivering existing services and programs. All Americans trust nonprofits for an endless list of services: education, delivering existing services and programs. All Americans

subsectors rely on charitable donations to help pay for delivering existing services and programs. All Americans trust nonprofits for an endless list of services: education, child and elderly care, spiritual development, job training, environmental protection, arts and culture, affordable housing, assistance for domestic violence, and more.

**The Challenge:** Overall, charitable giving grew in 2018 by 1.5 percent when donations to very large organizations and megagifts from billionaires are factored in. However, donations declined by 2.3 percent to nonprofit organizations with operating budgets of less than $1 million, which make up 92 percent of the charitable sector. Considering that the inflation rate was 2.44 percent, aggregate giving failed to keep up with inflation. Furthermore, small donations of up to $250 declined by 4.4 percent from 2017 and end-of-year giving (historically the most charitable time of year) declined by 2.3 percent. The declines were wide-spread across sectors, including faith-based, human services, healthcare, public and society benefit, and education. The combined effect of tax law changes is expected to result in tens of millions of taxpayers who give back to their communities have been losers. The bipartisan Universal Charitable Giving Act (H.R. 1260), introduced. The bipartisan Universal Charitable Giving Act (H.R.1260) would extend an uncapped charitable deduction to all taxpayers, regardless of whether they itemize. The Universal Charitable Giving Act (H.R.3988/S.2123), introduced in 2018, would have provided a non-itemizer deduction, capped at $4,000/individual and $8,000/couple.

A universal or non-itemizer tax deduction would lower the cost of giving, which would help reduce the gap in gift size with itemizers. Extending the charitable deduction to all taxpayers — regardless of whether they itemize or take the standard deduction — would not only cancel out the negative effects on giving, but it would increase charitable dollars going to strengthen and build communities by $4.8 billion.

**The Ask:** Will you make a clear statement in support of the charitable giving incentive and support a universal (non-itemizer) deduction that provides a tax incentive for all Americans by cosponsoring Universal Deduction legislation?

**About Nonprofit Connect**

Learn more about the nonprofit sector’s impact in Kansas and Missouri at [www.npconnect.org](http://www.npconnect.org).
Citations


7 Indiana University 2017 Study.