The Charitable Giving Coalition urges you to support the renewal of the universal charitable deduction to encourage all taxpayers to give more to charity as nonprofits and faith-based organizations continue to support their communities during uncertain times.

The Charitable Deduction Works
- Generous Americans gave more than $470 billion to charity in 2020. Charitable dollars are essential to maintaining a healthy civil society, vital to both nonprofit charities and local governments that depend on these resources to achieve their critical missions.
- The charitable deduction is good tax policy—it encourages individuals to give away more of their income, devoting it to their community’s needs rather than their own. A simple calculation shows that those in need receive $2.50 in benefit for every $1 of tax benefit. This is an impressive return on investment.

Charitable Giving Increased After Enactment of Temporary Universal Charitable Deduction
- In March 2020, Congress enacted a $300 charitable deduction for cash gifts from nonitemizers for 2020. Thereafter, the amount of charitable giving—especially of gifts less than the $300 cap—saw a significant increase.
- According to the 2021 Giving USA report, total giving reached $471.44 billion in 2020, increasing 3.8 percent when adjusted for inflation, compared to 2019. Individual giving also saw an increase, reaching $324.1 billion, up 1 percent when adjusted for inflation.
- The Fundraising Effectiveness Project’s (FEP) fourth quarter report for 2020 shows a 15.3 percent uptick in donations of less than $250, which outpaced the increase in larger donations. Additionally, there was an estimated 28 percent increase in gifts of $300 on December 31, 2020—the exact amount of the universal charitable deduction that expired at the end of 2021. While we know there are many factors that contribute to increased donations, one contributing factor was likely the availability of the charitable deduction to nonitemizers.

Congress Should Enact the Universal Giving Pandemic Response and Recovery Act (S. 618, H.R. 1704)
- In December 2020, Congress extended the universal charitable deduction availability through 2021 and increased the cap to $600 for joint filers. Unfortunately, the temporary provision expired at the end of last year and has yet to be renewed. To ensure all taxpayers continue to have access to giving incentives, Congress should renew and expand the universal charitable deduction. This will help charitable organizations achieve their missions and support their workforces and communities as our nation recovers from the current and future crises.
- Congress can help alleviate some of the difficulties the sector is facing by enacting the Universal Giving Pandemic Response and Recovery Act led by a bipartisan, bicameral group of lawmakers, including Sens. James Lankford (R-OK), Chris Coons (D-DE), Mike Lee (R-UT), Jeanne Shaheen (D-NH), Tim Scott (R-SC), Amy Klobuchar (D-MN), Susan Collins (R-ME), Catherine Cortez Masto (D-NV), and Reps. Chris Pappas (D-NH) and Jackie Walorski (R-IN). The legislation would raise the $300/$600 cap to roughly $4,000 for individuals/$8,000 for couples, renew the availability of the deduction through the 2022 tax year, and make gifts to donor-advised funds eligible for the universal charitable deduction.
- This legislation will democratize giving by further incentivizing all American taxpayers—regardless of their income—to give to charity, thereby ensuring that our country retains a strong and independent civil society. It will also provide needed resources for charitable and faith-based organizations to continue providing vital services to families, workers, and communities, especially those critically impacted by the ongoing pandemic.

Charitable Giving Coalition Hill Working Group Contact: Brian Flahaven, Vice President, Strategic Partnerships, Council for Advancement and Support of Education (CASE), flahaven@case.org, 202-478-5617.

2. https://afpglobal.org/fepreports