February 11, 2013

The Honorable William J. Pascrell  
United States House of Representatives  
2370 Rayburn House Office Building  
Washington, DC 20515

RE: Tax Reform and Charitable Contributions

Dear Congressman Pascrell:

I understand that on February 14, 2013, the House Ways and Means Subcommittee on Oversight will convene a public hearing to explore tax reform and charitable contributions. On behalf of the Center for Non-Profits, New Jersey’s statewide charitable umbrella organization serving the non-profit community, I am writing to stress the importance of charitable giving incentives to the ability of our state’s charities to provide needed services in our communities.

As a strong champion of our state’s non-profit community, you know that non-profits play a critical role in ensuring a strong social service and civic infrastructure, and are an indispensable part of a vibrant quality of life. Whether providing mentoring to youth, meals to homebound seniors, medical care, disaster relief, substance abuse prevention, education, foreclosure assistance, artistic and cultural enrichment, or preserving our natural resources, non-profits fulfill a vital public function that would leave a gaping void were they not present.

Just as important, non-profit organizations are significant employers and purchasers, pumping billions of dollars into New Jersey’s economy every year. Non-profits employ nearly 10% of New Jersey’s private workforce, generating payroll and income taxes, and helping to reduce public assistance and unemployment rolls. Non-profits purchase goods and services from local businesses; pay utilities, telecommunications and related taxes; their employees live, pay taxes and patronize merchants in the area; and they help to spur economic activity and tourism.

Governments at all levels and society in general are relying increasingly on charitable organizations to provide a wide array of programs and services while government has gradually curtailed its own role and financial support. However, non-profits are straining under the weight of the economic downturn, skyrocketing demand for services coupled with reduced funding from all major sources, and the current climate in Washington is threatening to decimate many organizations when they are most needed.

- Charities are alarmed that the scheduled March 1 “automatic sequestration” cuts will devastate an already fragile service delivery system. Many in Congress are assuming that non-profits in our communities will be able to step in to fill the gaps being created in important safety net programs through deficit reduction efforts. But the impending cuts would come on top of four years of steadily shrinking budgets of state governments totaling over $250 billion by one estimate. Non-profits simply do not have the capacity to continue to bear this additional burden.
According to the most recent available IRS records, the $5 billion in charitable deductions claimed by itemizers in 2010 were \textit{$800 \text{ million below}} the 2007 pre-recession levels.

Due to the recession, and with poverty in New Jersey at 10.4 percent in 2011 according to the U.S. Census Bureau, the workload of many of non-profits has increased dramatically. The Center for Non-Profits’ own surveys show that the demands on New Jersey’s non-profits have soared, with three-quarters or more of our respondents reporting increased demand for their services each year since 2008 – without commensurate growth in funding.

As charitable non-profits fold under the added strain, the result will be increased costs for governments and taxpayers who will then be forced to step in and inefficiently try to re-create service delivery mechanisms. Indeed, that is one of the many social values of the charitable giving incentive: a healthy charitable sector lessens the burden of government.

In New Jersey and across the country, non-profits are helping to preserve a fragile economy and keep a fraying safety net intact. Congress relies on charitable non-profits to provide essential services for our constituents and communities. Charitable giving incentives are a vital, cost-effective tool help get that work done.

One need not look any farther than the devastation in the wake of Hurricane Sandy for a stark reminder of why support for charities is so desperately needed. In this climate, we need to do \textit{more} to encourage giving, not less.

Please join us in standing up for the residents served by, working for, and donating to the non-profit community by protecting and strengthening charitable giving incentives so that non-profit organizations have the ability to serve those most in need and to continue to strengthen our New Jersey communities.

Thank you for your consideration.

Sincerely,

Linda M. Czipo
Executive Director
Center for Non-Profits
1501 Livingston Avenue
North Brunswick, NJ 08902
732-227-0800