

Why Nonprofits Should Support the American Jobs Act of 2011

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Leaders of our nation's nonprofit sector are vehemently opposing the cap on itemized deductions proposed by President Obama as a way to help pay for the American Jobs Act. Instead of acting out of a concern for the common good, these charity leaders have been acting to protect the narrowest fiscal interests of the nation's largest nonprofits. They would be wise to reverse course and support the President's plan - including provisions for how it is financed - in a commitment to fairness and out of enlightened self interest.

Supporting the jobs bill promotes fairness in the tax code, which in the long run, benefits nonprofits and the public. The current system of deductions unfairly rewards the charitable choices of wealthy donors and undervalues those of average Americans. Donors who earn enough to be in the top tax bracket get a 35 percent subsidy on their gifts whereas middle-class donors get only a 15-20 percent subsidy. Most Americans don't get any subsidy at all for their donations because they don't itemize.

Taxpayers end up subsidizing multi-million dollar gifts to already well-endowed universities while they avoid subsidizing smaller gifts to food pantries, community arts groups, homeless shelters and advocacy organizations.

This is patently unfair.

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