

How Charities Won a High-Stakes Battle on Donor Tax Breaks

By Doug Donovan and Suzanne Perry

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The threat that a deficit-cutting Congress might limit the value of the charitable deduction has ignited a brand of advocacy that is rarely seen in the nonprofit world.

Hundreds of charities across the country contacted lawmakers last month to urge them to reject proposals they say would dampen giving. Nonprofit associations have formed coalitions, sent lobbyists to Capitol Hill, paid for advertising, and met with White House officials.

They won a significant victory at the start of the year when Congress and the White House adopted a deal to head off a “fiscal cliff” of tax increases and across-the-board spending cuts that did not include any major change to the charitable deduction.

But the battle is not over. And a four-week frenzy that preceded the fiscal-cliff deal exposed some rifts that could hamper nonprofit unity as Congress renews its quest to rein in the federal budget deficit and overhaul the tax code.

... Hundreds of Meetings

As 13 nonprofit and foundation leaders were holding the meeting at the White House in early December, hundreds of charity officials from across the United States were gathering in Washington for an intensive push on December 5 to show lawmakers their concern about limits on the charitable deduction.

The guest list at the White House meeting—compiled by Diana Aviv, chief executive of Independent Sector, a coalition of 600 charities and foundations—included leaders from the American Heart Association, Catholic Charities USA, Council on Foundations, United Way USA,

and several other major organizations.

They were all united in opposing the president's plan to limit the deduction.

Joining that group was one outlier: Aaron Dorfman, head of the National Committee for Responsive Philanthropy, a liberal foundation-watchdog group. The White House invited him because he had publicly urged those larger associations to advocate more for tax increases to avert damaging spending cuts than for a tax break for wealthy donors.

"It's time for the nonprofit sector's leadership to face facts," Mr. Dorfman wrote on a blog before the meeting. "Government needs sufficient revenue to play its proper role in society. Elections have consequences, and President Obama won reelection convincingly with a promise to ensure the wealthiest among us pay their fair share."

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