

# EMERGENCY CHARITY STIMULUS

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## WE SUPPORT AN EMERGENCY CHARITY STIMULUS BILL TO MANDATE INCREASED PAYOUTS FOR PRIVATE FOUNDATIONS AND DONOR-ADVISED FUNDS

Dear Speaker Pelosi, Chairman Neal, Ranking Member Brady, Minority Leader Schumer, Chairman Grassley, and Ranking Member Wyden,

We are writing as philanthropic donors and leaders to urge you to consider including “emergency charitable stimulus” legislation in the next coronavirus relief package by doubling the mandated annual foundation payout over the next three years, from five percent to ten percent, and to mandate the same ten percent payout requirement for Donor Advised Funds (DAFs). This simple change will allow Congress to inject more than \$200 billion (<https://inequality.org/wp-content/uploads/2020/05/Brief-CharityStimulusMay4.pdf>) into the economy over the next three years, according to estimates by the Institute for Policy Studies – all without spending a dollar of taxpayer money.

As you know, private foundations are currently mandated by federal law to spend five percent of their assets each year in grants and overhead, and DAFs are not required to spend a dime (<https://ipsdc.org/report-warehousing-wealth/>). While some foundations pay out more, the vast majority of American foundations treat the five percent floor as a ceiling on their giving, in part to ensure that the institutions will live in perpetuity. Wealthy donors take an immediate, taxpayer-subsidized deduction when giving money to these entities, regardless of when the money is distributed. And in this time of unprecedented crisis, the money is not reaching charities fast enough.

The independent nonprofit sector employs over 12 million people (<https://www.bls.gov/opub/ted/2018/nonprofits-account-for-12-3-million-jobs-10-2-percent-of-private-sector-employment-in-2016.htm>), ten percent of the private sector workforce. Increased

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funding could be immediately absorbed by food banks, health care providers, educational institutions, and organizations addressing issues like poverty alleviation, economic development, safe and secure voting, and social justice. Otherwise, foundations which are losing assets on Wall Street will cut their grant-making correspondingly – as they did in the years after the 2009 recession – forcing many nonprofit organizations they fund to reduce budgets, lay off staff, and cut back on their charitable work. This will cause additional problems for an economy which is already in trouble.

In the midst of global pandemic and economic shutdown, there is no justification for allowing the country's wealthiest dynasties to continue to hoard tax-advantaged funds that have already been designated as charitable contributions in anticipation of some future need, when there are so many urgent needs now. While this change is a deviation from the status quo, it is a modest one. Congress's purpose in incentivizing these foundations and funds with tax deductions in the first place ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3462163](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3462163)) was to support charitable efforts. There has clearly not been a moment in the past fifty years in which the full deployment of our charitable sector was more necessary.

America is in an unprecedented crisis. The world of philanthropy must step up and do more, faster. Congress must insist on it.

Thank you for your consideration.

## THE SIGNERS

(Organizations Listed for Identification Purposes Only)

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Wallace Global Fund (PA)

**ABIGAIL DISNEY**

(NY)

**NING MOSBERGER-TANG**

(CO)

**CATHERINE GUND**

George Gund Foundation (NY)

**MARY MOUNTCASTLE**

Mary Reynolds Babcock Foundation  
(NC)

**ALAN DAVIS**

Leonard and Sophie Davis Fund (CA)

**ANNA FINK**

Amalgamated Charitable Fund (NY)

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**SUSAN PRITZKER**

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Miranda Family Fund (NY)

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Kolibri Foundation (WA)

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Sapelo Foundation (GA)

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