

**Opening Statement**  
**JEC Hearing on “Supporting Charitable Giving During the**  
**COVID 19 Crisis”**  
**June 9, 2020, 2:30pm**  
**301 Russell Senate Office Building**

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Good afternoon, and thank you for joining us for this hearing of the Joint Economic Committee.

Over the past few months, following the spread of the novel coronavirus, millions of Americans have been robbed of health, financial security, the certainty and normalcy of daily life, and even of community and connection.

In response, our nation has come together, as we always have – through government, of course, and also through the courage and compassion of our voluntary civil society.

Nonprofits, churches, and other voluntary institutions have for centuries played a uniquely important role in American life – helping to provide for others’ basic needs, ensuring the stability of community institutions, and supplying goods such as education and the arts.

Key to this spirit is charitable giving. Without financial donations, these organizations cannot undertake the good works that they do – including providing the indirect benefits of personal connectedness, reciprocity and trust that are invaluable to community thriving.

Unfortunately, there have been worrisome trends in charitable giving over recent years.

As JEC staff research has found, while total American charitable giving has increased in most years over the last half century, the overall percentage of Americans giving has decreased –from 66 percent in 2000 to 56 percent in 2014 – with a particularly pronounced drop among lower-income Americans.

Additionally, the share of individual giving out of total giving has dropped over time, decreasing from 83 percent in 1978 to 68 percent in 2018.

In other words, giving is now primarily from fewer, wealthier people and organizations.

Why does this matter?

First, it denies communities the necessary, positive “spillover” effects that flow from individual contributions and widespread altruism.

And second, the very causes being supported are likely to change as a result of these trends. While higher-income Americans tend to give to education and the arts, less affluent Americans tend to give towards service and assistance to the poor. In fact, those making \$100,000 or less are responsible for 49% of all giving to this area of vital need.

One unintended contributor to this trend is the federal tax code's inequitable treatment of charitable giving. As a "below-the-line" deduction, only those who itemize – generally, tax filers toward the upper end of the income scale – can currently claim the charitable deduction. Lower-income families who don't itemize now receive no tax benefit for their charitable contributions.

This is an unintended consequence of the longstanding, bipartisan effort to raise the standard deduction, which provides tax relief to lower- and middle-income filers. But it's an inequity just the same, and an injustice to working families and the local charities who rely on them.

While the CARES Act, passed earlier this year, did add an above-the-line deduction of \$300 for non-itemizers, much more could and – I believe – should be done. I called this hearing to talk about how – especially in this time of great hardship, when charitable giving is so essential – Congress can better address this disparity.

In recent weeks, I have been part of a bipartisan working group to develop legislation reforming this inequity. I am grateful that two other members of the group, Senators Lankford and Shaheen, could be here to talk about it today. Especially in the wake of the COVID emergency, leveraging charitable giving should be a top priority for those of us tasked with reviving our economy.

In the coming months, those of us in the House and Senate are going to expend a lot of energy trying to figure out which of the federal programs on which we have spent all these trillions of

dollars have worked... and which haven't. It's going to be a complicated, and at times controversial, project for all of us.

With the non-profit sector, however, the vetting work has already been done for us. Charitable organizations only exist and attract donations to the extent *that they are already believed to succeed*. They can serve as the "tip of the spear" in our national COVID response and help chart the course for government-financed relief at all levels.

Today's hearing will focus on just that, and we will hear not only from Senators Lankford and Shaheen, but from two additional witnesses with valuable perspectives on philanthropy. I look forward to hearing the contributions of our panelists and colleagues on this important topic.

Before we proceed, let me say a few words about how the hearing has been modified from its usual format in light of the spread of the coronavirus. The hearing room has been configured to maintain the recommended 6-foot social distancing between Members and other individuals in the room necessary to operate the hearing, which we have kept to a minimum.

A number of Members and witnesses have chosen to use secure video teleconference technology, which will allow them to participate remotely. For those joining remotely, once you start speaking, there will be a slight delay before you are displayed on screen. To minimize background noise, we are asking those who are using the video conference option to please click the mute button until it is their turn to ask questions.

If there is a technology issue, we will move to the next Member until it is resolved.

I would remind all Members and witnesses that the 5-minute timer will be used. For those joining us remotely, you will notice a screen labeled “Timer” that will show how much time is remaining.

I now recognize Vice Chair Beyer, for opening remarks.