

Chairman Lee, Vice Chairman Beyer, Members of the Committee,

I deeply appreciate the opportunity to come before the committee to talk about United Way of Salt Lake's work, our response to the COVID-19 crisis and the role tax policy plays in driving private giving.

United Way of Salt Lake builds cross-sector partnerships that work to solve our community's most complex social and economic problems. Within these partnerships we hold ourselves accountable to results that no single organization – or sector – can achieve alone. Together with thousands of individual donors and volunteers – and with hundreds of private, public, and social sector partners, we are working to make sure that every child in our community has the opportunity to succeed in school and in life. We do this by improving and expanding early learning opportunities, strengthening literacy and math skills, and supporting high school graduation and completion from post-secondary education. Through 2-1-1 and our partnerships focused on the social determinants of health, we are working to improve health outcomes by changing the ways health systems interact with community-based organizations and improving the ways that economically vulnerable Utahns connect to the more than 10,000 services available in the charitable and public sectors in Utah.

Our commitment to create lasting change and help all kids and families succeed, regardless of their circumstances, holds especially true during this time. As we continue to address the health and economic impacts of the COVID-19 pandemic, and as we are all called to address the urgent need for racial justice in our country, we know that the role of nonprofits, and of charitable giving, is critical.

Over the past three months, hundreds of individual Utahns have generously risen to the challenge of supporting our community. In addition, key business partners like Goldman Sachs, Mark Miller, Zions Bank and Savage have contributed to our work. This generosity has allowed us to respond to dramatic increases in contacts through 2-1-1, to provide critical support to dozens of community partners meeting essential basic needs, and to develop a comprehensive

initiative to address the dramatic learning loss experienced by so many students over the past three months.

I am proud to be talking to you today from Utah, the most charitable state in the United States – which is the most charitable country in the world.

Reasons for giving are highly personal – but I can assure you from firsthand experience that people give to charities for altruistic reasons. Sometimes this selfless concern for others is driven by faith or simply a desire to give back to the community in which they live. Often, and in our case, it is because people believe that by working together we can solve society's most complex problems.

But tax policy does influence people's behavior, from business investment decisions to buying a home. This doesn't mean every person is influenced by tax policy, but large numbers of people are.

Charitable giving is the most discretionary financial decision someone can make. Good tax policy might be the nudge that someone needs to make their first donation. Or it may prompt a long-time donor to give a little more.

Consider, for example, a person who gives \$500 per year to charities. If they paid a 20% tax rate, that means they are paying \$100 in taxes on that money they are giving away. Setting aside the fundamental unfairness of taxing income that's being donated to help others, those taxes may prompt a smaller donation from some people who aren't in a position to give any more.

Conversely, if Congress were to relieve tens of millions of Americans from taxes on income they donate, it's not hard to imagine the positive impact on charitable giving.

I am not an economist or tax policy expert, but studies have consistently found that good tax policy will drive more giving, that includes increased giving by people who make small donations.

United Ways, basic needs charities, faith-based charities, and disaster relief charities rely heavily on small donations from large numbers of people. We raise about \$15 million per year in Salt Lake City. But our average individual donation is \$229 per year. Those small donations add up. Nationally, United Ways raise over \$1 billion per year from small donors who give on average \$155 per year. (Note our donor-base is diverse and we raise several billion more from corporate partners and large donors.)

Of course, in my view the ideal federal tax policy would be to permanently relieve all taxpayers from paying taxes on income they donate to charity. That could happen through an above the line exclusion or a non-itemizer charitable deduction combined with the existing deduction. Bills by Congressman Danny Davis (D-IL) or Congressmen Chris Smith (R-NJ) and Henry Cuellar (D-TX) would do that.

We understand that that may not be viable at this moment in time. But a temporary non-itemizer deduction could be instrumental in helping charities help our communities and those impacted by crises facing our country.

We understand Chairman Lee, Senator Klobuchar, and others are supporting a temporary deduction modeled after Senator Lankford's and Congressman Mark Walker's legislation. We think that legislation would provide a much needed infusion of donations directly to the charities that are leading the COVID-19 response and recovery efforts. The recovery efforts by charities will go well beyond 2020, so the longer this legislation is in effect, the better it will help us support our communities and those who have been affected by COVID-19.

As I close, I want to note that several Members of this Committee have supported and personally donated to their United Way (in at least one case for decades) and others have played significant roles in raising donations for their local United Ways. On behalf of United Way, I want to extend our deepest thanks to each of you.

Mr. Chairman, I'm happy to answer any questions.