



COUNCIL *on* FOUNDATIONS

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# Update from the Council on Foundations

**Serena Jezior**

*Associate Director of Public Policy*

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- National leadership organization for philanthropy founded in 1949
- Represent members in all 50 states and internationally
- Our work:
  - **Amplify** how foundations address some of the world's greatest challenges
  - **Advocate** for legislation and regulations that encourage charitable giving
  - **Strengthen** the sector by helping foundations be more effective grantmakers and challenging them to embrace new thinking and approaches

## Meet Our Team



Hadar Susskind



Serena Jezior



Peter Gordon



Eliana Briceno



Suzanne Friday



Lara Kalwinski



Stephanie Powers

**When:** April 11-13, 2018

**Where:** Philadelphia, PA

**What:**

- Tax Policy
- Budget, Appropriations
- Advocacy, Lobbying
- Civic Engagement, 2018 Elections

*Stay tuned for more details!*



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**So, what's up with  
tax reform?**

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## Council's Priorities for Tax Reform

- Preserve the full scope and value of the **charitable deduction**
- Expand the IRA charitable rollover to **donor advised funds** (DAFs), and preserve philanthropy's ability to serve communities through the use of DAFs
- Simplify the **private foundation excise tax** to a flat rate of 1%
- Preserve the integrity and independence of the sector by maintaining the prohibition on political intervention by 501(c)(3) charities (the “**Johnson Amendment**”)
- Enhance and preserve the ability of foundations to leverage **endowments** strategically

## Charitable Deduction

- Congress should preserve the full *scope* and *value* of the charitable deduction.

115TH CONGRESS  
1ST SESSION

### H. CON. RES. 34

Recognizing the 100th anniversary of the charitable contribution deduction.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2017

Mr. LEWIS of Georgia (for himself and Mr. TIBERI) submitted the following concurrent resolution; which was referred to the Committee on Ways and Means

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### CONCURRENT RESOLUTION

## Charitable Deduction

- Policy levers that would impact the *scope* and *value*:
  - Increased standard deduction
  - Decreased marginal income tax rates

*If enacted together, without changing the current structure of the charitable deduction, there would be a \$13.1 billion decrease in charitable giving over one year.*

- Repealing the estate tax would exacerbate this





## What is \$13.1 billion?

Roughly *144 billion meals* for people facing hunger

OR

*131 million days of child care* for military mothers

OR

The *combined total charitable contributions* received by  
United Way, Feeding America, Catholic Charities,  
Salvation Army, YMCA, Boys & Girls Club,  
Habitat for Humanity, and American Cancer Society.

## Charitable Deduction

The solution:

*Enact a universal charitable deduction.*

Not only would this recoup the \$13.1 billion, but it would generate an additional \$4.8 billion in charitable giving.

AGI

A BETTER WAY FORWARD ON TAX REFORM			
SIMPLE, FAIR "POSTCARD" TAX FILING			
1	Wage and compensation income	1	
2	Add 1/2 of investment income	2	
3	Subtract contributions to specified savings plans	3	
4	Subtract standard deduction OR	4	
5	Subtract mortgage interest deduction	5	
6	Subtract charitable contribution deduction	6	
7	Taxable income	7	
8	Preliminary tax (from tax table)	8	
9	Subtract child credit	9	
10	Subtract earned income credit	10	
11	Subtract higher education credit	11	
12	Total tax	12	
13	Subtract taxes withheld	13	
14	Refund due / taxes owed	14	

## Donor Advised Funds

- Congress should expand the IRA charitable rollover to donor advised funds (DAFs), and preserve philanthropy's ability to serve communities through the use of DAFs.

115TH CONGRESS  
1ST SESSION

**S. 1343**

To amend the Internal Revenue Code to extend and modify certain charitable tax provisions.

IN THE SENATE OF THE UNITED STATES

JUNE 13, 2017

Mr. THUNE (for himself, Mr. CASEY, Mr. WYDEN, and Mr. ROBERTS) introduced the following bill; which was read twice and referred to the Committee on Finance

**A BILL**

115TH CONGRESS  
1ST SESSION

**H. R. 2916**

To amend the Internal Revenue Code to extend and modify certain charitable tax provisions.

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 2017

Mr. KELLY of Pennsylvania (for himself and Mr. BLUMENAUER) introduced the following bill; which was referred to the Committee on Ways and Means

**A BILL**

## Donor Advised Funds

### – *CHARiTY Act* (S. 1343, H.R. 2916)

- Express the sense of the Senate that encouraging charitable giving should be a goal of tax reform, and that Congress should preserve the scope and value of the charitable deduction
- Expand the IRA charitable rollover to allow for distributions to DAFs
- Simplify the private foundation excise tax to a flat rate of 1%
- Require nonprofits to electronically file the Form 990
- Authorize the U.S. Department of Treasury to regulate the mileage deduction rate for personal vehicle use for volunteer charitable services
- Creates an exception for excess business holding tax rules for philanthropic business holdings where a foundation 1) holds the interests of the business enterprise at all times during the tax year, 2) directs all profits toward a charitable purpose, and 3) operates independently from the business enterprise

***We are working to get this reintroduced in this Congress.***

## Private Foundation Excise Tax

- Congress should simplify the private foundation excise tax to a flat rate of 1%.

115TH CONGRESS  
1ST SESSION

### H. R. 2386

To amend the Internal Revenue Code of 1986 to modify the tax rate for excise tax on investment income of private foundations.

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IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2017

Mr. PAULSEN (for himself, Mr. DANNY K. DAVIS of Illinois, Mr. TIBERI, Mr. HOLDING, and Mr. NOLAN) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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### A BILL

## “Johnson Amendment”

- Congress should Preserve the integrity and independence of the charitable sector by maintaining the prohibition on political intervention by 501(c)(3) charities (the “Johnson Amendment”).

115TH CONGRESS  
1ST SESSION

**S. 264**

To amend the Internal Revenue Code of 1986 to allow charitable organizations to make statements relating to political campaigns if such statements are made in the ordinary course of carrying out its tax exempt purpose.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 1, 2017

Mr. LANGFORD (for himself and Mr. PAUL) introduced the following bill; which was read twice and referred to the Committee on Finance

**A BILL**

115TH CONGRESS  
1ST SESSION

**H. R. 172**

To restore the Free Speech and First Amendment rights of churches and exempt organizations by repealing the 1954 Johnson Amendment.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2017

Mr. JONES introduced the following bill; which was referred to the Committee on Ways and Means

**A BILL**

115TH CONGRESS  
1ST SESSION

**H. R. 781**

To amend the Internal Revenue Code of 1986 to allow charitable organizations to make statements relating to political campaigns if such statements are made in the ordinary course of carrying out its tax exempt purpose.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 1, 2017

Mr. SCALISE (for himself and Mr. JODY B. HICE of Georgia) introduced the following bill; which was referred to the Committee on Ways and Means

**A BILL**

## “Johnson Amendment”

- What is it?
  - The provision in Section 501(c)(3) of the Internal Revenue Code that says charitable organizations (including foundations and religious entities) may “not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.”
- Enacted in 1954 after being introduced by then-Senator Lyndon B. Johnson
- Why would altering it be a concern for charities?
  - Vulnerability to political influence
  - Abuse of the intent of charities for campaign funding purposes
  - Loss of public trust
- Community Letter in Support of Nonpartisanship
  - 4,800+ signers
  - Sent to every member of Congress

# Council's Priorities for Tax Reform

## Endowments

- Congress should enhance and preserve the ability of foundations to leverage endowments strategically.

Congressman Tom Reed  
New York's 23<sup>rd</sup> District

2016

Our Vision for Students





## Endowments

- University endowments have become the target of legislation to address college affordability
- Congressman Tom Reed (R-NY) is leading the charge:
  - [forthcoming] ***Reducing Excessive Debt and Unfair Costs of Education (REDUCE) Act*** – would require schools with endowments larger than \$1 billion to use at least 25% of their annual investment income for reducing cost of attendance for "students who often fail to qualify for grants or federal aid due to their families' income levels," or face a 30% tax on investment income
  - [forthcoming] ***Accountability of College Costs through Exposing School Spending (ACCESS) Act*** – would mandate schools to report spending information above and beyond what is currently required by the Form 990 (though it is unclear exactly what additional information would be required), as well as salary information for Presidents, Athletic Directors, investment advisors, and other top college administrators
  - [114<sup>th</sup> Congress] ***College Affordability and Innovation Act of 2015 (H.R. 2537)*** – this bill (now expired) outlined an incentive structure for schools that follow "cost-containment plans and take proactive measures to reign in outrageous, excessive, and unnecessary costs"



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**What can we do?**

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## House of Representatives



**Paul Ryan (R-WI)**  
*Speaker of the House*

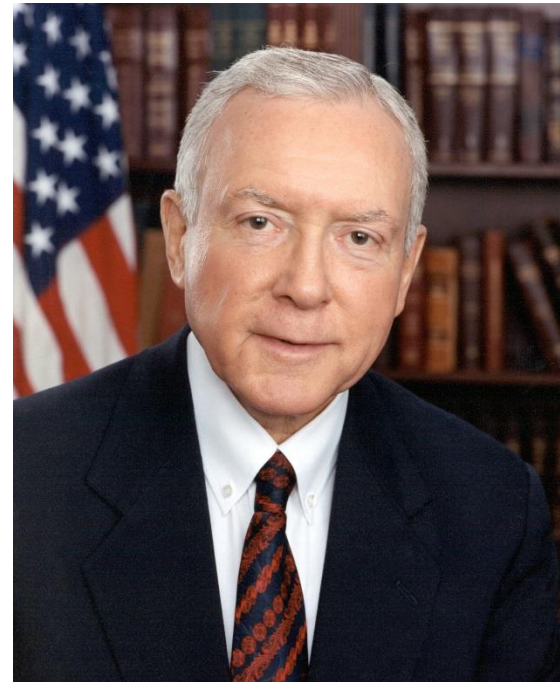


**Kevin Brady (R-TX)**  
*Chairman of Ways &  
Means Committee*

## Senate



**Mitch McConnell (R-KY)**  
*Senate Majority Leader*



**Orrin Hatch (R-UT)**  
*Chairman of Senate  
Finance Committee*

## Pennsylvania



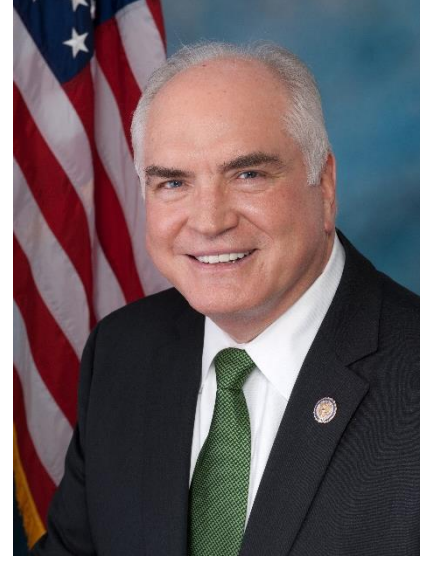
**Pat Toomey (R-PA)**  
*Senate Finance  
Committee Member*



**Bob Casey (D-PA)**  
*Senate Finance  
Committee Member*



**Pat Meehan (R-PA)**  
*House Ways & Means  
Committee Member*



**Mike Kelly (R-PA)**  
*House Ways & Means  
Committee Member*



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# Questions?

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**OR**

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