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## National Council of Nonprofits Statements re Fiscal Cliff: How Arbitrary Cuts and Capping Deductions Will Hurt the Communities Served by Charitable Nonprofits

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*Additional resources follow the statements below*

### Statement from President and CEO Tim Delaney:

"If Congress fails to act before January 2, 2013, then automatic spending cuts will slash an additional eight percent from almost every domestic program funded by the federal government. The cuts will touch virtually every person and every community in America, taking away huge amounts of funding for everything from infants to seniors and food safety to safe transportation. The cuts will occur not on an informed, considered, priority basis, but arbitrarily and across-the-board, using simple math alone without regard to human consequences. While politicians have been vowing to protect the defense industry from equal cuts, they have not been rushing to protect domestic funding.

"Making matters worse, politicians have been using sanitized terms such as 'reducing tax expenditures' and 'cap on deductions' rather than admitting openly that such actions would discourage donations to churches and synagogues, domestic violence shelters, early childhood programs, education, food banks, youth and senior groups, and all other charitable nonprofits. Here is how a cap works: policymakers have discussed setting the cap at \$15,000 or \$20,000 as the maximum amount an individual could deduct. The big fixed-cost deductions, for mortgage interest (national average of \$10,640 in 2010) and state/local taxes (national average of \$11,593 in 2010), total on average \$22,233, thus eating away the entire deduction and leaving no room for discretionary gifts to the work of charities.

"These cuts and caps represent twin threats to the work of charitable nonprofits serving individual Americans and local communities. Making funding cuts without reducing the underlying human needs, *increases demands* on nonprofits in local communities while also *decreasing resources* for nonprofits to provide needed services. After five years of serving so many more for so much longer with so much less, America's charitable nonprofits are past the breaking point. Capping deductions will further reduce the ability of charitable organizations to meet the increasing needs for services.

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... **a cap on all**

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“Every nonprofit needs to speak up, today, as negotiations are going on now. We’ve set up a website at [www.givevoice.org](http://www.givevoice.org) to help nonprofits reach out to their Senators and Representatives and tell the story of what the charitable giving incentive means to their nonprofit’s survival.”

### **Statement from Vice President of Public Policy David L. Thompson:**

“Policymakers need to be concerned about the ripple effect on the economy and the wellbeing of their constituencies as a result of these arbitrary cuts and caps. Every nonprofit that closes its doors will place new strains on the economy. Nonprofit employees, who together make up 10 percent of the American workforce, will lose their jobs. Many for-profit and government employees are able to show up for work every day because they have depended on nonprofits to care for their children or elderly relatives; without those nonprofits, they will have nowhere to turn. People who rely on nonprofits for job training and placement services will remain out of work. And the examples go on and on. The effects would be staggering for a still-shaky recovery.

“For years, governments at all levels have presumed that nonprofits would always be their back up, their Plan B for picking up the slack when programs are shut down. Without nonprofits, there will be nowhere else for people to turn. Without nonprofits, there is no Plan C. Our elected officials must think twice before making a deal that hurts more than it helps.

“As the President, Senators, and Representatives negotiate a way to avert the fiscal cliff, they need to recognize the ripple effect of any further cuts to domestic programs and ensure they make cuts that do not cost taxpayers more in the long run. And they must immediately take off the table any notion of limiting the effect of tax incentives for charitable giving.

“We encourage every nonprofit to speak up. Write or call your current Representative and Senators. Call your local paper, radio station, and television station and tell the story of what these cuts would mean to people in your local community and how you rely on charitable giving to meet local needs.”

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The National Council of Nonprofits is a trusted resource and advocate for America’s charitable nonprofits. Through our powerful network of State Associations and 25,000-plus members – the nation’s largest network of nonprofits – we serve as a central coordinator and mobilizer to help nonprofits achieve greater collective impact in local communities across the country. We identify emerging trends, share proven practices, and promote solutions that benefit charitable nonprofits and the communities they serve. Learn more at [www.CouncilofNonprofits.org](http://www.CouncilofNonprofits.org).

### **Additional information on the effects of the fiscal cliff or a cap on deductions on nonprofits**

- [National Council of Nonprofits resources on the fiscal cliff and nonprofits](#)
- Special Report: [The Fiscal Cliff’s Twin Threats Against the Work of Charities](#)
- Infographic: [The Danger of Capping Deductions](#)

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