

THE CHARITABLE CRISIS

As early as November of 2001, President Bush noted that America's charities faced a crisis: increased need with diminished resources.

Although individual generosity is evident everywhere, thousands of our Nation's charities, paradoxically, have been suffering. Donations to organizations not directly involved in [September 11] disaster relief have declined dramatically. Soup kitchens are low on food. Mentoring programs for needy children are low on dollars. -President George W. Bush, 11/12/01

- Adjusted for inflation, charitable giving in 2001 was 2.3 percent below its 2000 figure, reversing a long trend upwards in annual giving. (AAFRC, Giving USA 2002)
- Corporate giving fell 14.5% between 2000 and 2001. 2002 data is expected to show further decline. (AAFRC, Giving USA 2002)
- The 2002 U.S. Conference of Mayors' study on hunger and homelessness showed that in the past year, requests for emergency food assistance increased an average of 19% in surveyed cities, while the level of resources available at emergency food assistance facilities decreased in 52% of such cities. ([America's Second Harvest](#))

Since then, numerous reports and studies have documented the worsening philanthropic environment.

- 2002 Was a Difficult Year for America's Charities. Nearly half (48%) of 2,725 individuals from public charities and private foundations reported a drop in contributions between January and October, 2002. Another 22% reported that donations had remained at the same level.

Sector	Respondents who expected success in Summer 2002.	Respondents who reported success in December 2002.
Foundations	74.6%	42.9%
Corporations	61.8%	31%

Source: Guidestar- www.guidestar.org/news/features/2002economy.stm

- Lutheran Social Services of the South reports that contributions in 2002 to the organization were down 25% from foundations, 25% from corporations, and 10% from the state. (Dr. Senske, President, 1/4/03)
- According to the national spokeswoman of the American Red Cross, local chapters have experienced declines in contributions from 20-60%. (The Morning Call, 1/31/03)
- The March of Dimes was \$15.8 million below budget at the end of 2002 and was approximately \$8.5 million below its year-end revenue at the end of 2001.
- The United Ways reporting results in the Southeast and the Midwest show substantial declines in charitable giving from 2001 to 2002: - 4.1% and - 3.6% respectively. The largest United Ways (\$25 million or more raised) are faring even worse, decreasing by -5% from the previous year.
- **Giving Was No Better Over the Holidays**. Days before Christmas, the Salvation Army reported a 5%-10% decrease in kettle collections. (USA Today; www.usatoday.com/usatoday/20021223/4722594s.htm)

- **The Future Looks Bleak Without Congressional Action.** The University of Indiana's Center on Philanthropy rates the current charitable climate as the worst they have measured since they began tracking in 1998. (<http://www.philanthropy.iupui.edu/PGI-Dec2002.pdf>)
- **Charitable Contributions to Universities and Colleges Dropped Last Year.** Adjusted for inflation, giving to education fell 2.5 percent at the same time that other sources of revenue including income from endowments is in decline. 75 percent of the institutions which responded to the RAND survey reported a decline in 2002. "Georgetown University's experience was fairly typical. After raising \$92 million, a record, in the 2001 fiscal year, fund-raising fell 15.2 percent to \$78 million the next year. 'We're not used to declines, said Michael Goodwin, a vice president at Georgetown.'" (New York Times, March 13, 2003)

HOW THE NON-ITEMIZER CHARITABLE DEDUCTION WILL HELP THE MARCH OF DIMES

At the March of Dimes our average donation is just \$20, and the median income of those who participate in our largest fundraising event -- WalkAmerica -- is \$45,900. In addition, 74% of WalkAmerica donors also gave to other charitable causes in their communities. Therefore, a large segment of our donors are non-itemizers and would benefit from enactment of the proposal to allow those who file the short form to take a deduction for charitable contributions. In addition, because many taxpayers consider the availability of a tax deduction when deciding to make charitable contributions and in deciding the amount of a charitable contribution, enactment of a tax deduction for non-itemizers could generate substantially more charitable giving.

If enacted, the CARE Act will generate the resources we need to improve the health of mothers and babies by increasing the Foundation's investment in cutting-edge research and expanding the number and scope of our public and health professions' educational materials. Additional resources would also enable the March of Dimes to increase community services aimed at preventing birth defects, premature birth and infant mortality.

HOW THE IRA CHARITABLE ROLLOVER WILL HELP THE WORK OF CHARITIES LIKE THE AMERICAN CANCER SOCIETY

Historically, 20-25% of the American Cancer Society's (ACS) total revenue comes from realized planned gifts (90% are bequests). Although we are still being named in an increasing number of estates, the value of the assets in those estates is dramatically reduced due to the devaluation of the financial markets over the last couple of years. This decline currently is resulting in a 28% reduction in the amount of planned giving revenue that we are receiving so far this year. While much of our annual giving activity is still producing increases over last year's results - the planned gift value impact on overall ACS giving is that we are down almost 5% as compared with last year.

The American Cancer Society finished last fiscal year (8/31) with 'flat' revenue for exactly the same reason. Our greatest challenge today is that our mission for a cancer-free future is being dramatically threatened by the effects of the economy on all areas of philanthropy. People are dying every day while we try to raise new money to fund research, community programs, and smoking control messages.

The proposed IRA rollover provision that is part of the Care ACT will enable us to increase the number of planned gifts we receive in the future while diversifying our planned gift portfolio. Today, the typical

ACS planned gift is a simple bequest of \$40,000. The IRA rollover provision will create a new avenue for our supporters to receive some lifetime income and tax benefits from charitable trusts which will someday come to us as planned gift revenue. We believe that the average values (as measured in today's dollars) will be dramatically higher than our typical bequest - perhaps as much as \$250,000 or more.