



## **Key Message Points**

*Remember: At best you'll usually get 20 minutes, so budget your time accordingly!*

### **I. Introduction: Talk About Your Work**

- *Have each member of the group briefly introduce themselves, talk about their foundation (mission, assets, total grants) and share a story or example of the work in the state/district. Focus on what you are doing to help their constituents/district during this economic crisis! If they hear nothing else from you than your work in the economic crisis, your visit will be important and successful.*
- Foundations have a strong history of ethics, governance and transparency, reflecting commitment, respect, and philanthropic intent of their founders.
- Foundations and our regional associations promote accountability through standards and stewardship principles. We have zero tolerance for abuse of our charitable dollars.
- Share how the economic conditions are impacting your foundation, possibly its grantmaking focus/level, and how you are helping to mitigate its impact in your communities.

### **II. Legislative Message Points**

We support legislation that creates an environment where philanthropy can grow and better serve our communities. Our top federal legislative priorities are:

**MAINTAIN CURRENT LAW ON CHARITABLE DEDUCTION RATES:** Charitable contributions are both important, and voluntary. Thus, any reduction in the deduction rate for charitable contributions will reduce the amount of money available to support worthy non-profits across the country. At a time when charities and non-profits are faced with increasing demands from their communities, it is important that public policies support and encourage charitable giving.

- **The ASK**—Maintain current law with respect to itemized deductions for charitable contributions.

**EXCISE TAX:** Today, almost every foundation is seeking to maintain present grant commitments, despite the dramatic reductions in endowments' value. The irony is that under present law, private foundations who continue this level of giving will be penalized in the future with a higher excise tax. Under current law, the excise tax rate changes depending on how any single year's giving compares to the average of the 5 prior years – as a percent of their total assets. The current two-tier system serves as a disincentive for foundations to increase giving in response to an immediate and significant need, such as those spurred by our current economic crisis. A flat, revenue neutral, excise tax rate will encourage greater payouts by eliminating the tax penalty that currently follows an unusually generous year of giving within a five year cycle.

- **The ASK**—Please support legislation intended to simplify the management of the excise tax that will provide foundations with additional grantmaking resources.

**IRA CHARITABLE ROLLOVER:** Through 2009, taxpayers age 70½ or older can make tax-free distributions of up to \$100,000 from their IRAs to charitable organizations. Important tools for giving are excluded (DAFs, SOs) but have been shown to be vital in addressing critical community needs. In 2008, 56 percent of community foundations' grant dollars came from donor advised funds (\$1.7 billion). Payout from donor advised funds is more than 3 times the payout from other funds—16.4 percent. In 2008, more than a quarter (28 percent) of grantmaking from DAFs addressed critical human service needs of local

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communities, including assistance in obtaining food, health care, education, housing, foreclosure prevention, emergency shelter, and utilities. [*Reference the donor-advised fund survey results sheet and share your own examples*]. Congress should extend the IRA Charitable Rollover beyond 2009 and make gifts to donor-advised funds, supporting organizations, and private foundations eligible for the incentive.

- **The ASK**—Sign on as a co-sponsor of IRA charitable rollover legislation (H.R. 1250-Representative Pomeroy’s (D-ND) in the House). These bills allow all eligible charitable giving vehicles, including donor-advised funds, supporting organizations and private foundations, to qualify for the incentive.

**LOW-PROFIT LIMITED LIABILITY COMPANY (L3C)**. Low-profit limited liability companies are created at the state level as business enterprises whose primary purpose is serving the public good, not making profit. Such organizations are likely to be eligible for financial capital from foundations, in what is known as program related investments (PRIs). Federal legislation is needed to simply ask the IRS to expedite any determination of whether an investment by a foundation would qualify as a PRI. If this is not done in a timely manner, the willingness of foundations to provide such capital cannot happen in ways that will meet the needs of the L3C.

- **The ASK**—Please support L3C legislation when introduced.

### III. Philanthropy Caucus

- Our field encourages members of Congress to join the philanthropy caucuses (House and Senate).
- The purpose of this Caucus is to 1) inform Members of Congress about philanthropy and the work of foundations, 2) facilitate communication between Congress and the grantmaking community, and 3) highlight public policies of mutual interest to both grantmakers and Congress.
- **The ASK**—Please support the philanthropic sector by becoming a member of the caucus.

### IV. Foundations and the Economy

- Foundation assets suffered along with other investments with the decline in the value of the stock market. Since the peak of 2007, the market has fallen 56%.
- COF estimates indicate that foundation endowments were down about 30% in 2008. A decline in asset value of \$200 billion from \$670 billion at the end of 2007. Since the beginning of the year the market has fallen another 24%.
- Economic conditions increase demand for charitable services. Recent reports indicate significant increases in need for food and shelter, utility and transportation assistance, and mortgage assistance.
- The philanthropic sector is committed to finding the resources to meet those needs and to advocating for policy changes needed to make their contributions possible.

### V. Wrap-Up

- *Re-iterate the “ASKS”*—sponsor legislation: to expand IRA charitable rollover; enact a revenue neutral excise tax; maintain current law on charitable deduction rates; and support legislation allowing foundations to make program-related investments to Low-profit Limited Liability Companies (L3Cs).
- We plan on continuing to communicate with your office and hope that you will work closely with representatives from [**insert regional association**], and the Council on Foundations.
- *Ask the lawmaker for the name of his or her key office contact on philanthropy (the staffer in charge of issues related to foundations and philanthropy – usually the tax aide).*
- We want to serve as a local resource to you. If you have any questions on charitable legislation, philanthropy or our work, please contact us.

*Remember to thank them for their time, get their business card, and follow-up with both a note of appreciation plus a repetition of any key points—or to provide any information they asked for during the meeting.*