



## FOTH 2010 Key Message Points

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

### **I. Introduction: Talk About Your Work and the Sector in General**

Make sure the member/staff understand who you are, what you do and the importance of philanthropy.

- Thank the Member or staff for meeting with you.
- Each member of the group should then briefly introduce themselves, talk about their foundation (mission, assets, total grants).
- Share your belief that a strong and healthy philanthropic sector is a vital part of our nation's success and that you hope the member feels the same way. As a result, you hope that the member will help you by promoting and protecting philanthropy.
- Emphasize that foundations have a strong history of ethics, governance and transparency, reflecting the commitment, respect, and philanthropic intent of their founders. (If appropriate, you can emphasize that the Council and regional associations promote accountability through standards and stewardship principles and that we have zero tolerance for abuse of our charitable dollars.)

**The ASK**—Can we count on your support of the sector?

### **II. Building Congressional Relationships**

To really connect with your representative, a few in your group should tell a story or give an example of work they support preferably in that Member's state/district.

- Discuss what you are doing to help your community during this economic crisis.
- Tell stories about specific individuals or programs or places that your foundation has supported in recent years. Give examples of the knowledge, expertise and other resources you provide to help them understand the broader role you play.
- Talk about areas where your work and their work intersect to help them see you as public policy partners who reflect the goals and concerns of their communities.

**The ASK**— Invite the Members and staff to upcoming civic and philanthropic events in their state or district. These can include ribbon cuttings, strategic planning meetings, awards ceremonies, etc. Or invite them to speak at your Board meetings or other events where you can deepen the relationships.

### III. Legislative Message Points

Provide information about the key legislative issues that we believe are essential to promote an environment where philanthropy can thrive and better serve our communities. A brief summary of each follows. Additional details on each can be found in the issue papers available in your packets and on the Council's website.

#### **EXCISE TAX:**

- Even in these tough economic times, private foundations and corporate grantmakers are committed to providing the support our communities need.
- Unfortunately, the current two-tiered tax structure can actually punish such generosity by imposing higher taxes on foundations for up to five years!
- This means fewer funds available to support community programs, job training, emergency relief efforts and many other issues important to our community.
- Simplifying the tax structure will remove this penalty and allow foundations to focus on supporting their communities rather than on tax planning and asset valuation.
- And we're not asking for a tax cut. The provision is revenue neutral, meaning that it will raise the same amount of tax revenue today as it has before.

**The ASK**—Please ask Members to cosponsor and support legislation (S.676/H.R. 4090) which would establish a single revenue neutral excise tax for private foundations. Senator Schumer (D-NY) introduced S. 676 and Representative Danny Davis (D-IL) introduced H.R. 4090 last year.

#### **IRA CHARITABLE ROLLOVER:**

- Through 2009, a very popular charitable giving incentive referred to as the "IRA rollover" allowed taxpayers age 70½ or older to make distributions of up to \$100,000 directly from their IRAs to charitable organizations tax free.
- That provision expired at the end of 2009 and we've been working to reinstate it and make it permanent.
- In addition, because certain philanthropic vehicles were excluded (DAFs, SOs and PF's) we also would like to expand the provision to include gifts to all charities.
- In particular, donor advised funds are a vital resource for community philanthropy that has been unfairly excluded. In 2008, 56 percent of community foundations' grant dollars came from donor advised funds (\$1.7 billion).
- While perhaps understandable, if not fully justified, prior to the Pension Protection Act of 2006 such treatment is no longer reasonable given the reforms promulgated by that legislation and in light of some significant self-regulation by the sector and by community foundations in particular.

**The ASK**—Please ask Members to co-sponsor and support IRA charitable rollover legislation (S. 864/ H.R. 1250). These bills allow all eligible charitable giving vehicles, including donor-advised funds, supporting organizations and private foundations, to participate in the IRA Rollover program.

#### **MAINTAIN CURRENT LAW ON CHARITABLE DEDUCTION RATES:**

- The President's budget for 2010 calls for a reduction in the value of the charitable itemized deduction that the wealthiest households could claim against their income taxes for charitable gifts and other deductions.
- Voluntary support of the charitable sector through tax deductible contributions is vital to the ongoing success of our sector and the country as a whole.
- Study show that any decrease in the value of the deduction rate for charitable contributions could 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 increased, not decreased, charitable giving.

**The ASK** – Encourage Members to maintain current law with respect to itemized deductions for charitable contributions. Also, urge Members to oppose any efforts to “de-couple” the charitable deduction rate from general tax rates.

#### **REINSTATE THE ESTATE TAX:**

- Reinstatement of an estate or inheritance tax is important because studies indicate that overall charitable giving will fall if the estate tax is eliminated.
- The Council on Foundations supports reinstatement of the estate tax at 2009 levels (\$3.5 million individual exemption; 45 percent rate).

**The ASK** – Encourage Members to reinstate the estate tax to preserve an important charitable giving incentive that is vital to the health of the sector.

#### **IV. Philanthropy Caucus**

- Our field encourages members of Congress to join the House and Senate philanthropy caucus.
- 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**—Encourage Members to support the philanthropic sector by becoming a member of the Philanthropy Caucus. Senators Charles Schumer (D-NY) and Richard Burr (R-NC) are the current Senate co-chairs. Representatives John Lewis (D-GA) and Patrick Tiberi (R-OH) are the current House co-chairs.

#### **V. Wrap-Up**

- Thank the Member and staff again for taking the time to meet with you.
- **Ask again, if appropriate, that they:** sponsor legislation to expand the IRA charitable rollover; enact a revenue neutral excise tax; maintain current law on charitable deduction rates; and support sensible estate tax reforms.

- If you meet with the Member only, ***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).***
- Emphasize your value as a local resource to them and encourage Members and staff to contact you, your regional association or the Council if they have any questions on the legislative issues you discussed, other charitable legislation, your work or philanthropy in general.

## **VI. Other issues:**

If you are asked or if the flow of the conversation leads to these topics, you may also want to discuss:

### **FOUNDATIONS AND THE ECONOMY:**

Foundation assets suffered along with other investments with the decline in the value of the stock market.

- The Foundation Center reports that between 2007 and 2008 foundation assets declined 17.2 % from \$682.2 billion to \$565 billion.
- According to *Giving USA 2009*, despite the economic conditions individuals, corporations and foundations still provided more than \$307 billion in 2008.
- 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.
- Among organizations working to meet people's basic needs (food, shelter, clothing, etc.), more than half (53%) said they are underfunded or severely underfunded.

### **FOUNDATIONS RESPONDING TO CRISES**

Foundations across the globe immediately responded to the devastation in the wake of the 7.0-magnitude earthquake that struck Haiti on January 12, 2010. Many are now responding to the situation in Chile as well.

- So far, \$76 million in direct support to Haiti has been pledged from U.S. foundations and 128 foundation and giving program members have self reported their relief and recovery support to the Council.
- To encourage public support, 70% community foundations are creating a special fund dedicated to Haiti.
- 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.

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