



**TAX POLICY CENTER**  
URBAN INSTITUTE & BROOKINGS INSTITUTION

## OPTIONS FOR IMPROVING THE LIVES OF CHARITABLE BENEFICIARIES THROUGH REFORM OF THE CHARITABLE DEDUCTION

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before the  
Committee on Finance  
United States Senate

March 17, 2022

Mr. Chairman and members of the Committee:

It is an honor again to testify before you, this time on charitable contributions and taxes. The views I express in this testimony are my own and should not be attributed to the Urban-Brookings Tax Policy Center, its trustees, or its funders.

According to estimates by the Urban-Brookings Tax Policy Center, Congress's temporary changes to the tax law in 2017 reduced the federal government's total individual income tax subsidies for charitable giving by about 30 percent—from an average subsidy of about 21 cents to 15 cents per dollar contributed (Steuerle et al. 2021).

Charitable giving, in turn, almost assuredly decreased giving *from what it otherwise might have been*. Using a commonly used estimate on behavioral response, my colleagues at the Tax Policy Center calculated that giving declined about 4 percent to 7 percent (Rosenberg and Stallworth 2017). At the same time, giving overall increased somewhat near the end of the last decade (Indiana School of Philanthropy, various years; Faulk, et al. (2021) due to other factors, such as income growth, higher employment, and in response to the COVID crisis.

Some research also indicates that the share of people giving to charity has declined (Jones 2020), although this trend may also be attributable to the higher concentration of cash income. That, too, may be among the concerns that motivates this hearing.

While there are legitimate debates about some of these numbers and the extent to which households have changed their behavior, the decline in subsidies provided is a straightforward calculation.

Let me be clear. That decline in charitable giving subsidies was an indirect byproduct of several features of that 2017 law—in particular, a substantial increase in the standard deduction. That increase benefited many low- and middle-income taxpayers—not just those who switched to a standard deduction now worth more than all their otherwise itemizable deductions, but those who were already using the standard deduction and never took a charitable deduction to begin with.

Nonetheless, the current charitable tax incentive now benefits only about one-tenth of all households, mainly those with higher incomes. I doubt seriously that the public will long support a deduction so narrowly applied (Steuerle 2018). As Roger Colinvaux (2017) suggests, a nonparticipatory deduction undermines many of the altruistic, pluralistic, and other rationales for a deduction. Whether to confront those concerns or simply address the upcoming expiration of the 2017 provisions, these pressures provide a real opportunity to consider ways to create an even more effective charitable incentive, and I congratulate the committee on conducting these hearings on that matter.

## **POSSIBLE WAYS TO COMPARE OPTIONS AT DIFFERENT COST LEVELS**

As a policy researcher, I find it helpful to define a rubric to compare options. Here, I suggest an informative way to compare reform options, whether proposed by me or anyone else.

First, for different levels of total subsidy, compare different types of options on a *revenue-neutral* or *cost-neutral* basis. For instance, you might make these comparisons at the current level of total subsidy and the cost equivalent of restoring the 30 percent cutback in total subsidies. The Joint Committee on Taxation and the Congressional Budget Office have within their substantial capacities the ability to provide such comparisons. Applying this technique, analogous to cost effectiveness analysis, both focuses on effectiveness and compels

advocates to discuss with you whether the money involved in the charity tax changes they propose could be spent better. I think you will find from most economic analyses, not just my own, that the conclusions on which designs best promote charitable giving will not vary greatly, whatever the level of total subsidy or assumption on behavioral response.

Second, consider maximizing gains for charitable beneficiaries for each dollar of subsidy as the prize on which Congress focuses its eyes. That is, estimate the impact on charitable beneficiaries side by side with the net impact on taxpayers and on government revenues. In a balanced income statement, the total change in income of charitable beneficiaries equals the revenue loss to government minus any increase in taxpayers' net income (their tax reduction less the additional giving they make). Traditional distributional tables mislead when revenue losses appear to represent gains for taxpayers; in the case of a charitable tax incentive, some of, all, or more than all those gains are distributed to charitable beneficiaries.

## THE POWER OF SIGNALS BOTH LARGE AND SMALL

Though much of what I present today relates to what we think we know about incentives, there is a higher level where we have some broad theoretical understanding, though limited empirical evidence, of likely consequences. I refer to the broader signal that Congress sends to the public about the role of charitable giving in our society.

In 1835, Alexis de Tocqueville singled out United States citizens for their extraordinary level of civic activity and association. Though communal efforts remain high, and the United States today still stands out among developed nations for the share of income devoted to charitable giving, neither should be taken for granted. Indeed, some research indicates that participation in both associations, including religious gatherings, and charitable giving has been declining. Meanwhile, many online groups and media have become increasingly partisan, political, and in-group focused. Also, as our nation has become several times richer per capita over recent decades, we have not been able to increase the share of income given to charity.

As many current events remind us, we cannot blandly assume that the blessings with which we have been endowed will pass automatically to our children. The legacy we leave should be greater than our inheritance. And though only a small piece of a much bigger picture, a bipartisan effort to improve how tax law serves charitable beneficiaries can have ripple effects beyond the charitable sector, including setting an example for how bipartisan and effective legislation can be achieved.

On a less lofty level, my testimony will attempt to demonstrate how the signals and nudges that Congress sends should be carefully considered on several fronts:

**Value Promotion.** In addition to its direct incentive effect, a deduction for only a few taxpayers weakly promotes and markets the value our society places on charitable giving.

**Ceilings.** Caps and ceilings on the amount of giving eligible for a deduction or credit don't simply limit incentives to give more; as signals, they can provide further disincentives, especially when people stop giving at what they perceive as the maximum that Congress thinks is worth encouraging.

**Floors.** Floors can encourage giving. They allow incentives to be concentrated where they are most likely to change behavior—that is, for giving beyond what one would do in absence of a tax subsidy. A floor set at some measure of average or median giving as a share of income also sends a signal to people that they might want to give above that level to attain their "fair share."

**Administrability.** Incentives that can't be monitored by IRS at some reasonable level invite corruption within the charitable sector, create inequity among taxpayers, and discourage giving.

**Saliency and Nudges.** When and how signals are given, such as timing rewards close to the time that people pay taxes think of the connection, can increase charitable giving.

Taking account of these various signals, I focus the remainder of my discussion on what we know more directly about the effectiveness of different types of incentives.

## THE DISTRIBUTION OF CHARITABLE GIVING SUBSIDIES

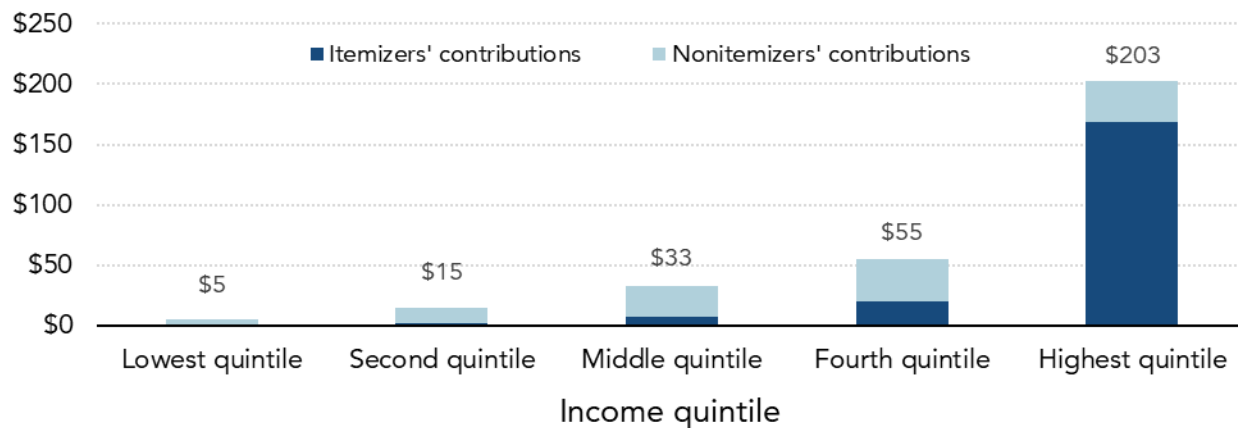
Reducing the marginal incentives for people with higher incomes might unintentionally decrease charitable giving, just as increasing the standard deduction may have done for people with low and middle incomes. Today, higher-income people contribute a very high percentage of total national giving (Figure 1).

FIGURE 1

### Charitable Contributions, 2019



Billions of dollars



**Source:** Tax Policy Center Microsimulation Model (version 0721-2).

**Note:** Income quintiles are based on expanded cash income. For a description of the income measure see "Income Measure Used in Distributional Analyses by the Tax Policy Center," accessed March 9, 2022, <http://taxpolicycenter.org/taxmodel/income.cfm>.

An incentive that significantly caps subsidies for richer or more generous donors can easily reverberate to significantly reduce the money available for charitable beneficiaries. Remember that charitable giving, not just government transfers, provides society a way to redistribute income and ameliorate inequalities. If a donor would give \$1 less because of a loss of a deduction worth \$1 in reduced taxes, the donor's net income doesn't fall at all; some charitable beneficiary somewhere receives \$1 less in charitable goods and services.

There's also a long-standing issue of equal justice or horizontal equity that reinforces the incentive case for a charitable deduction even for those with higher levels of income. Think of this in the context of a simple tax system that assesses a tax rate of 20 percent on all income. If you make \$100,000 a year and give away \$30,000, should you be taxed like someone who makes \$100,000 and gives away nothing or like someone with \$70,000 of net income? Without a tax deduction, the net income of someone who gives away \$30,000 is \$50,000; with a

deduction, it's \$56,000. The nongiver still has \$80,000 left in either case. If one wants to tax higher-income people more, increasing taxes on all of them may be fairer than simply going after charitable donors.

## DESIGNING A MORE UNIVERSAL DEDUCTION

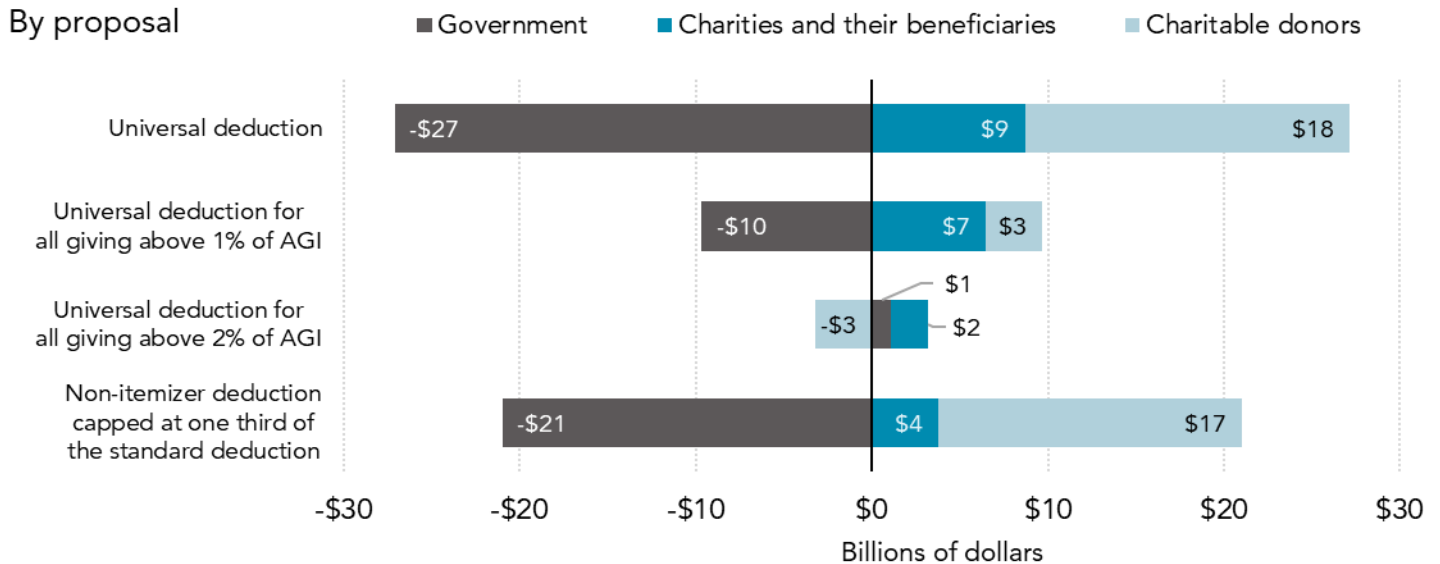
In a recent brief, my colleagues Robert McClelland, Nikhiti Airi, Chenxi Lu, Aravind Boddupalli and I (2019) examined how lawmakers could expand the existing deduction, at whatever revenue cost Congress entertains, to maximize benefits for people who rely on charities. Some parts of the following discussion come from that brief and a related paper. In this research we used a modest estimate of the behavioral response to incentives, one that does not take account of the potential long-run signaling power of an incentive. A higher estimate for the behavioral response, however, would tend to show the same relative advantages of different types of proposals.

It's easy to design a subsidy that mainly benefits taxpayers but not charitable beneficiaries. For example, the \$300 per tax unit nonitemizer charitable deduction in 2020 provided charitable recipients with as little as \$100 million at a cost of \$1.5 billion in forgone federal revenue (Steuerle 2020). Since most donors already give more than \$300 annually, the subsidy created an incentive for almost no one. And the IRS has almost no way to audit bogus claims, effectively making the \$300 deduction available to any nonitemizer, whether they donate to charity or not. A somewhat similar \$300 subsidy per individual taxpayer in 2021 had the same features.

FIGURE 2



## Effect of Charitable Subsidies on Net Income Compared to Current Law



Source: Tax Policy Center Microsimulation Model (version 0319-2).

Note: AGI = adjusted gross income.

To better understand the effectiveness of the charitable deduction, we created a balance sheet that shows how income of government, taxpayers, and charitable recipients changes under various proposals (Figure 2). As noted above, additional contributions represent transfers that flow through charities to their beneficiaries, while the change in the taxpayers' net income equals their increase in contributions less their additional tax saving.

We used a behavioral response commonly applied to this type of analysis. If you double that behavioral response, the increase in charitable contributions would be about double what you see in the chart, but the relative advantages of proposals, measured by increase in giving relative to the revenue cost to Treasury, stay about the same.

We first studied an unrestricted deduction that would allow both itemizers and nonitemizers with a positive tax liability to deduct their contributions. While this would create a new tax break for many households, it would be very inefficient at helping the beneficiaries of charities since most of the subsidy would go for donations that would have occurred anyway.

On net, an unrestricted charitable deduction would have lowered federal revenue in 2019 by about \$27 billion but increased contributions by only \$9 billion.

We also examined several alternative forms of a universal deduction. One version would allow a single deduction for itemizers and nonitemizers alike only for contributions in excess of 1 percent of the taxpayer's adjusted gross income (AGI), and another would subsidize contributions only in excess of 2 percent. A third would provide a separate deduction for nonitemizers for any giving up to one-third of the standard deduction—for example, up to a little more than \$8,000 in 2020 for most married couples.

Compared with an unrestricted universal deduction, a 1 percent floor would reduce contributions by about a quarter but cost only one-third as much. Put another way, a universal deduction with no floor would cost \$17 billion more than a universal deduction with a 1 percent floor, while generating only \$2 billion extra for charitable recipients. The rest would be an additional windfall for taxpayers.

Any floor also makes converting to a more universal deduction more progressive by eliminating some deductions from current itemizers with little effect on their incentive to give.

The nonitemizer deduction of up to one-third of the standard deduction would have cost more than \$20 billion in 2019 but increased contributions by less than \$4 billion. This proposal runs into three sets of problems that limit its incentive effect: it provides subsidies for first dollars of giving that would be done anyway, it caps incentives for those moderately generous taxpayers who are often the backbone of the charitable sector, and, once again, it spends a lot on higher-income taxpayers who already itemize charitable contributions but switch to the standard deduction.

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## The Switcher Problem

Almost all attempts to expand the charitable tax deduction runs into what is called the “switcher” problem, whereby substantial tax benefits are provided to those who already itemize their deductions.

Consider a married couple in 2021 who pays \$10,000 in state and local taxes, contributes \$20,000 to charities, and declares itemized deductions of \$30,000. Now suppose that an unlimited charitable deduction had been allowed. The couple already could deduct any additional amount given to charity, so the incentive effect of the new regime is practically nil. The couple nonetheless would have received a windfall from the change in the law, as it could then have taken a standard deduction of \$25,100 as well as a charitable deduction of \$20,000, thereby getting an additional \$15,100 in total deductions. Though current itemizers are not the intended target of additional subsidy dollars, they would still garner a large share—so large that a simple

universal deduction would provide higher total tax subsidies for the richest 20 percent of households than for any other quintile (Steuerle et al. 2021).

A nonitemizer deduction with a cap runs into the same issues. Suppose the cap for the married couple is \$8,000. By switching to the standard deduction, a couple formerly itemizing with \$8,000 of charitable giving within \$26,100 of itemizable expenses could now garner \$7,000 of additional deductions. In this example, the couple also moves from a world where they had an incentive to give some additional dollars to one where they had no incentive, at least for up to \$1,000 of additional giving.

By using a floor under which charitable contributions are not allowed, Congress can limit these types of gains for those already itemizing and improve the progressivity of an expanded deduction. A floor is also consistent with other provisions in the tax law that limit the deduction to expenses that are above normal.

A universal deduction above 2 percent of AGI increases charitable giving while raising revenues for government.

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Is there a sweet spot where government can increase giving without any loss in revenues? My colleagues and I found that a floor of 1.9 percent would just about break even for government under the law in place after 2017 but before COVID-19, while raising contributions by about \$2.5 billion. If Congress were to restore subsidies to pre-2017 levels, a revenue-neutral floor of less than 1 percent would efficiently promote giving.

Proposals with floors also avoid providing the highest average additional subsidy to the 20 percent of taxpayers with the highest incomes who often already itemize.

## ADMINISTRABILITY

Unfortunately, the current charitable deduction has serious enforcement and tax administrative problems. It's not simply that tax administration is collapsing under the weight placed on it. An IRS that audits significantly less than 1 percent of taxpayers can hardly discover whether voluntarily reported transactions are valid. How can it possibly trace what cash I threw in the collection basket or donated to someone? This problem provides a real threat to creating a more universal deduction that would potentially add tens of millions of additional returns claiming hundreds of millions of individual contributions for which verification would be difficult if not impossible.

### *Reporting on Charitable Contributions*

A more universal deduction with a floor under what charitable contributions can be deducted helps avoid adding to the IRS's administrability problems. And to be clear, at least for those owing positive tax liability, it is still a deduction universally *available* to anyone giving amounts closer to what the average giver contributes.

But that still leaves the problem inherent even in current law. Over 30 years ago I went on an IMF mission to China and tried to explain how tax administration works in a market-based economy. One top Chinese administrator kept asking questions about how many people we punished. I tried to explain that what makes our tax system work—at least to the extent it does work—are accounting systems where private parties need and want accuracy; the IRS can latch onto those private accounting systems, rather than try to audit everyone, which it can't do anyway, or severely punish the noncompliant.



These accounting systems take advantage of divergent interests within the private sector. Workers want to be paid the amount that businesses want to deduct. Banks want to deduct the same cost of interest that savers want to receive. Value-added taxes work because buyers want to get full credit for the tax already paid by the intermediate producer before them. Tariffs worked for millennia because buyers and sellers would gather to inspect bills of lading. In each case, tax administrators rely mainly upon systems of accounting in place because one party to the transaction wants to insure against overreporting, and the other party against underreporting.

Unfortunately, we have no such system in place for charitable contributions, even though the taxpayer wants to take the maximum deduction possible and the charity wants to receive the maximum contribution. When there is both reporting and withholding to IRS, mainly for wages that can be computer matched, the net underreporting is estimated to be only 1 percent; when there is substantial information reporting to IRS on items like interest and dividends, the figure is more like 5 percent. Compliance rates fall off substantially from there, even when there is partial reporting to IRS (Figure 3).

We really don't know how well charitable contributions are reported partly because the IRS doesn't study this matter to any great extent. But, even if the IRS tried, it has no way of judging the accuracy of many claims. If Congress tripled the size of the IRS, it could probably audit more people for confirmation, especially of individual contributions above \$250, for which charities are supposed to provide acknowledgment to donors. But auditing is terribly expensive, burdensome to taxpayers, inadequate even in the best of cases, and fairly useless when no records are available. Bottom line, there is no way on this green earth that the IRS can check on and audit billions of charitable transactions under current, very outdated systems of accounting and reporting.

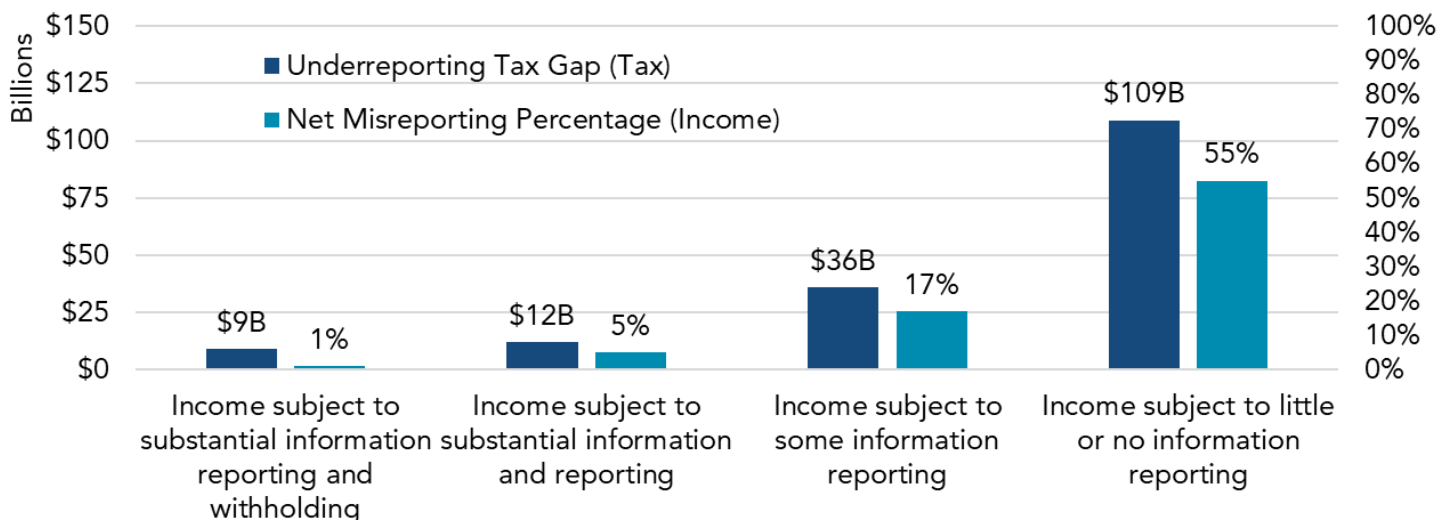
Though I focus here mainly on limits for IRS enforcement, there are also burdens on taxpayers. Think of all taxpayers now having to keep track of the extra dollar of contribution implicit in each box of Girl Scout cookies purchased.



**FIGURE 3**

## "Visibility" Chart

Tax Year 2011–2013 Individual Income Tax Underreporting Tax Gap and Net Misreporting Percentage Estimates  
By "Visibility" Category of Income Items



Source: Tax gap estimates for tax years 2011–13, <https://www.irs.gov/statistics/irs-the-tax-gap>.



Fortunately, there may be no more opportune time for Congress to create a system of electronic reporting for charitable deductions.

In an era where recording of transactions extends even to cryptocurrency, I have little doubt that technology can easily meet the challenge of creating a much better and not-too-expensive system of reporting to the IRS. Third-party intermediaries, including tax preparers, payroll providers, and credit card companies, likely would create ways to do this easily. If people don't want to share their Social Security numbers, they could make their contributions through, say, tax preparers who already must know that Social Security number. Or people might limit that information by channeling their contributions through a single donor-advised fund, as some people do already to simplify their tax filing. Almost all transactions today are recorded electronically. I give to many charities, large and small, and nary a one doesn't generate electronic information for me.

Even if Congress does not require electronic filing for everyone, it could limit the eligibility for a more universal deduction to contributions made through record-keepers. With so many taxpayers ineligible today for a charitable deduction, Congress would still be significantly expanding the number of people who get a deduction. No charity need be left out except on its own volition. And perhaps some subsidies for administrative costs could be made available to charities for a transition period.

I don't deny that charities would need time and effort to adjust to a better information system, but bearing that cost might support an even more generous deduction than Congress could otherwise supply. A more generous deduction might, in turn, generate tens of billions of dollars of additional contributions annually and help create a more transparent sector with fewer temptations for donors and charities. Moreover, the charities with the least sophisticated accounting systems likely depend more on less wealthy donors. If so, most of their contributors don't get a deduction currently anyway.

### ***In-Kind Charitable Contributions***

Some attention must also be paid to the ability of IRS to monitor in-kind charitable contribution (Colinvaux 2019). More than 83 percent of noncash charitable donations in 2018, or over 11 million donated items valued at over \$12 billion, were in the form of clothing or household items (Statistics of Income, IRS, for 2018). Imagine multiplying that number of items several fold with a more universal deduction.

Issues here extend from outright cheating to questionable valuations to costs to Treasury in excess of what flows through to the charities. Most of us have probably gotten the blank slip to fill out ourselves when we donate some items. Also consider the case where someone uses a household good or piece of clothing a few times, donates it, and values it at half the original market price. Then a profit-making firm acting as an agent for a charity transfers the item to a thrift store. There the item sells for one-twentieth of its original value, and most of those proceeds are paid to the store and the profit-making agent. Such a set of transactions may be totally legal, even though the charity gets only a tiny fraction of what the donation cost the government.

Another option often put on the table is to allow deductions for the sales price of complex assets. Again, I wonder whether this type of reform would reduce charitable giving very much; if so, the additional revenue pick-up could be put back into a better incentive for more administrable contributions.

If we can't figure out better ways to deal with these and other types of in-kind contributions, then perhaps the more universal deduction should be confined to cash contributions.

## SALIENCY AND BEHAVIORAL SCIENCE

The behavioral public finance literature encourages us to think about psychology, not just economic incentives, when designing features of a tax system.

### *Allowing Deductions at Time of Tax Filing (the April 15 Idea)*

For more than a quarter-century I have suggested that allowing deductions up until April 15 or the time of filing of a return would provide more bang per buck, or increased contributions relative to revenue cost, than almost any other reform.

My thoughts came from some simple observations. First, the best time to advertise the value of a charitable deduction is when people fill out their tax returns and tax preparers help them look for additional ways to reduce taxes. Second, many people tend to underestimate their marginal tax rate or the size of the subsidy for giving. They may equate the subsidy rate with their average, not marginal, tax rate. At filing time, however, tax preparers and tax software companies can show people directly how much they would save for each \$100 of contributions they make. They can also help taxpayers donate enough to avoid any significant penalty for underpayment of taxes due.

A version of this alternative deadline for claiming charitable deductions was included in the America Gives More Act that passed the House of Representatives in July 2014.

Since this additional advertising does almost nothing to change the size of the incentive (other than perhaps a minor timing change on when the contribution is made), the cost to the Treasury is modest, perhaps \$15 or \$30 (or the average marginal tax rate that applies to contributions) for every additional \$100 contribution made.

In April 2016, Alex Rees-Jones and Dmitry Tabuinsky, two scholars who work at the intersection of public economics and behavioral economics, prepared a brief on “Tax Psychology and the Timing of Charitable-Giving Deadlines.” They examined this type of reform in more detail and concluded that it would likely increase charitable giving when (1) individuals, who tend to be focused on the present more than the future, can claim an incentive payment very quickly after the donation; (2) tax rules are more salient and more likely to be examined by the taxpayer, as at tax filing time; and (3) taxpayers, who are generally tax averse, find immediate opportunities to turn that aversion into reducing taxes even as they are paying them.

To deal with the enforcement issues I relayed above, however, this April 15 allowance might be allowed only for contributions accompanied by an improved reporting system, as is the case with IRA contributions that can also be made up to the time of tax filing. Otherwise, at least one Treasury official I talked to in the past feared that some taxpayers would take the deduction twice—for example, on April 15, 2022, for 2021 income taxes and again in 2023 for 2022 taxes.

### *Lottery Winnings*

People who come into sudden windfalls by winning lotteries are quickly get confronted with the tax consequences. If winners are charitably minded, they might make donate some of or all their winnings, then find themselves unable to take a full deduction for that donation.

Suppose I spend \$1 on a winning lottery ticket that has a 1 in 10 million chance of winning \$5 million. If I donate the ticket to a charity before the lottery drawing, I effectively have given away a ticket only worth 50

cents, and the income from the winnings would flow directly to the charity. Of course, charities might not even want to handle contributions of almost worthless lottery tickets. When I win and try to give the winnings away, however, I probably can't avoid paying tax on up to \$2 million or so of the winnings (when the maximum deduction is set at 60 percent of AGI).

Why not simplify this whole mess for lottery winners and grant them a limited period within which to donate the winnings, or some share of the winnings, to charity with no deduction limit? Why trap them into the arcane formalities of the tax laws? The most salient time for people to think about what to do with possible winnings is when they win, not when they buy the ticket.

### **Matching Grants versus Tax Reductions**

A third way to consider behavioral science is to consider matching grants in lieu of tax reductions. I recognize that I am bringing up many difficult issues here, including potential cross-jurisdictional authority across congressional committees and direct expenditures versus tax subsidies.

Consider a taxpayer with an effective tax deduction of 40 cents for a dollar contributed. In effect, that taxpayer's net contribution is 60 cents, and the government effectively provides a 2-for-3 or 67 percent match for the net contribution. The 67 percent figure sounds higher than the 40 percent figure, yet the \$1 tax deductible contribution is equivalent to the 60-cent contribution matched by a grant. I've already discussed how many taxpayers may underestimate the size of the incentive they face with today's deduction. Many further likely also underestimate the size of the government match.

For at least some donors who give away the same gross amount either way and ignore incentives, the amount going to charity will be much higher with a matching grant. In the example above, the \$1 eligible for a tax incentive yields only \$1 to the charity and 40 cents back to the taxpayer; the matching grant yields \$1.67 to the charity and nothing back to the taxpayer.

As one example of this type of arrangement, for over six years the United Kingdom offered a UK Aid Match, run by the Foreign, Commonwealth & Development Office, to support public engagement in international development work. It matches generous donations from the public pound for pound. Total subsidies are capped, however, which severely limits the impact of the program and its net incentive effect.

These three examples show ways we can use behavioral science to create a more effective design of charitable subsidies.

## **CONCLUSION**

In the early 1990s I wrote a book called *The Tax Decade*. The title alluded to the fact that almost every major tax, budget, and spending reform of that decade was led by efforts within the Senate Finance and Ways and Means committees. Almost all those reforms engaged in trade-offs that would offend someone. Today many members of Congress, as well as constituents, talk about the failure of those very same processes. I think that failure relates directly to our increasing inability as a people to accept that trade-offs are necessary to enact good policy—that money used one way inevitably can't be used another way. And we pull Congress in the same direction. Yet reforms that require trade-offs must be led by Congress and can't be expected from membership organizations that try to represent all their members.

Based on that experience, I recommend turning to nonpartisan or bipartisan congressional or other staff to provide options based upon how well they improve charitable giving at whatever net subsidy dollars you

specify. Along those lines, I suggest paying close attention to how the societal, not just individual, value of giving can be promoted; how for any given level of subsidy, caps significantly weaken and floors significantly strengthen the incentive provided; how to decrease rather than add to compliance problems for IRS while using the saving from improved compliance to provide a more generous charitable incentive; and how making incentives more salient can add to charitable giving.

All these recommendations aim to create a more participatory charitable sector, along with maximum gains for charitable beneficiaries for whatever total subsidy level Congress provides.

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