

**The United States House of Representatives
Committee on Ways and Means
Hearing on Tax Reform and Charitable Contributions**

**Testimony of Jill Michal
President and CEO, United Way of Greater Philadelphia and Southern
New Jersey**

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Chairman Camp, Ranking Member Levin, and Members of the Committee, thank you for providing me and my United Way colleagues with the opportunity to testify at today's hearing about the critical importance of itemized deduction for charitable contributions.

I am Jill Michal, President & CEO of United Way of Greater Philadelphia and Southern New Jersey. Our United Way serves the philanthropic interests of over 1,200 companies and nearly 100,000 donors from four counties in Pennsylvania and five counties in New Jersey.

For nearly a century United Way of Greater Philadelphia and Southern New Jersey has focused on long-term solutions that improve education for children, financial stability for families and good health for all, as well as those that strengthen the nonprofit sector and ensure that basic human needs are met. We partner with organizations through the region – public, private, nonprofit – to drive measurable, lasting impact that none of us could achieve alone.

We work to make sure people get the support services they need right now while simultaneously addressing the root causes of key issues – that's how we create true community impact. We know that by improving education for all children, we're setting them on the path to high school graduation and college success. We know that those children will go on to hold skilled jobs and be financially equipped to support their families. We know that good health is directly linked to a successful life.

Most importantly, we realize that when we improve education, income and health at a community level, we all benefit.

For example, we equip children with the necessary tools to excel in school. Children who receive high-quality early childhood education are prepared to enter school ready to learn and, ultimately, ready to succeed. We are adamant about preparing early childhood educators to offer young children the best possible start through our Success by Six program. Over the course of our three year funding cycle:

- 100 early childhood education centers received high quality status as a Keystone Star 3 or higher as well as technical assistance, quality assessments, professional development and program improvement grants
- 14,000 children experienced high-quality early childhood education
- 15,000 parents and childcare providers are empowered with better parenting and teaching skills

UWGPSNJ also put working families on the path to financial stability. Our most recent three year funding cycle occurred during one of the nation's most challenging fiscal crisis with more adults seeking financial assistance. Whether through landing a job that paid family sustaining wages, seeking higher education to obtain skills to become more employable or developing more assets, we enabled adults to become more financially secure.

Results included:

- Over 11,000 individuals reported an increase in financial literacy
- 17,192 individuals had their tax returns completed for free of charge
- 2,000 homes were saved from foreclosure
- 884 homes were purchased by individuals who participated in the Lubert Individual Development Account (IDA) program

With the 3rd highest senior population in the nation, we need to make certain that older adults age with dignity in their homes and communities. We lead collaborative efforts and make strategic investments to ensure older adults and their families are aware of, and have access to, resources such as home and community based healthcare, nutrition services, depression screenings and social opportunities at high-quality senior centers. During the three year funded cycle:

- 10,500 older adults received nutritious meals, allowing them to live without worry of choosing between food expenses and life-saving medicine
- Nearly 57,000 homebound seniors were provided with in-home physical health services

Several proposals have been floated in Washington to impose either a dollar limit or a percentage cap on the charitable deductions millions of Americans receive in exchange for their generosity each year. But these proposals would remove a critical incentive for giving, which directly impacts the nonprofit sector's ability to address our community's most persistent challenges - issues like the high-school drop out rate, unemployment and underemployment, and health issues that affect children, adults, and seniors.

Restricting this deduction could lead to staggering consequences for nonprofits and our community. Consider the impact the following generosity has had on the lives of people throughout our region:

- More than 80 percent of Americans claimed the charitable deduction in 2009, and these individuals and families were responsible for more than 76 percent of individual contributions to charitable organizations.
- In 2010, 1.9 million Pennsylvania residents filed returns with more than \$5.8 billion in charitable deductions (with an average contribution of \$3,048).
- In New Jersey, 1.8 million residents filed returns with more than \$5 billion in charitable deductions (with an average contribution of \$2,730).

This kind of individual generosity has made a world of difference in the nonprofit sector's ability to offer continued support to those who need it most. At a time when individuals and families are still recovering from the recession, limiting the charitable deduction will deliver yet another hardship to our most vulnerable.

I join my United Way peers in opposing any new limitations to the charitable deduction for any donor as this will negatively impact the nonprofit sector's ability to improve the quality of life in our region and across the nation.

United Way of Greater Philadelphia and Southern New Jersey urges you to remember just how critical the charitable deduction is to the nonprofit

sector and to stand up for programs that improve our communities, help meet basic needs, and provide educational and employment opportunities.

Please preserve the charitable deduction's powerful incentive for giving.

Thank you.