

The United States House of Representatives
Committee on Ways and Means Hearing on Tax Reform and
Charitable Contributions
Testimony of Karen Rathke,
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Chairman Champ, Ranking Member Levin, Members of the Committee, thank you for providing me with the opportunity to testify at today's hearing on behalf of the Heartland United Way in Grand Island, Nebraska and the United Way network.

I am honored to testify in support of preserving the charitable deduction in the federal tax code and in opposition to limitations on the charitable deduction for any taxpayers. At a time when government is contracting, it is critical that the nonprofit sector be as healthy and resourced as possible. Any action which has negative impacts on the sector only puts further demand on an already stressed system.

According to the Chronicle of Philanthropy, Nebraska benefited from \$735.4 million dollars in charitable contributions. With a population of 77,000, our United Way raised 1.6 million in donations from thousands of people. Our donors are encouraged to make larger gifts because of the charitable deduction. No personal gain or benefit is awarded the donor from these gifts and every cent of their donation goes to work in local communities. In my 28 years of public education and non-profit work, I can say that privately funded services make a huge difference in people's lives locally. To extract any portion of these funds from our economy would have dire consequences.

In response to the federal and state cuts, we see the need to create more private investment incentives to meet the growing demand for basic human needs. The Heartland United Way relies on thousands of small and large private donations to provide critical community services. A variety of services are offered through our current partner agencies including free medical and dental health care, emergency shelter and rent/utility assistance, free education courses, mentoring programs for children, providing quality child care and afterschool programs, food and clothing assistance and much more. Our partners who rely on United Way funding include: [Adult Education](#), [American Red Cross](#), [Big Brothers Big Sisters](#), [Boy Scouts](#), [Central Nebraska Community Services](#), [Central Nebraska Council on Alcoholism and Addictions](#), [Crisis Center](#), [Friendship House, Inc.](#), [Girl Scouts](#), [Heartland CASA](#), [Hope Harbor](#), [Lutheran Family Services](#), [Multicultural Coalition](#), [Third City Community Clinic](#), [YMCA of Grand Island](#), and [YWCA of Grand Island](#).

My hope is that the stories you hear in my testimony will put a face to the people who are most impacted by charitable giving when decisions are made.

The good life, as many people refer to living in Nebraska, is tougher these days for many. In Grand Island Public Schools, 67% of the students qualify for Free and Reduced lunches which means limited resources to handle life emergencies. This fall, 26 kids woke up on the first day of school with the homeless shelter as their address.

The side of a 7 year old girl's face was extremely swollen from tooth decay and infection yet she never complained of pain as it was all she had known for so long. The quiet, reclusive little girl was referred to our free medical and dental clinic (which receives no federal or state dollars but relies solely on private donations). After receiving treatment for the infection and her

tooth decay, everyone around her got the chance to know a bubbly, talkative, happy little girl who was free of pain. The same clinic saw a mom rationing out her blood pressure medicine as there was not enough funds to refill the prescription every month.

A 9 year old boy who was awkward and picked on for his clumsiness as he wore oversized shoes only because they had Velcro. A caring mentor learned the 9 year old could not tie his shoes, outfitted him with a pair of shoes with ties and Velcro and then in 20 minutes had taught the boy to tie his shoes. This investment of time, turned this child's life around as the reports of 'a new, confident young man' came flooding in.

Because of private donations, a recovering alcoholic has a supportive environment in which to live while rebuilding his life. A fourth grade boy was able to write his name in a new book, that for the first time, he could call it his own. A young child excitedly walks down the hall to his preschool classroom while his grateful mom watches, knowing this was an opportunity she would otherwise not afford. A single dad is relieved that his daughter has a safe place to go after school where healthy choices are taught to avoid risky behaviors. A fifth grade boy has someone, his mentor, in the bleachers cheering him on. First. Time. Ever.

One donor's generous gift of \$35,000 this year will provide over 1000 children with a new book delivered to their home every month thereby increasing their chances to be successful in school. Another private donation provides a special fund to help pay for 'unanticipated expenses' which has also helped kids to participate in extra-curricular activities when families are living on a fixed income and struggling to make ends. This fund has helped purchase volley ball knee pads, football cleats, paid for kids to play t-ball, and helped a talented young singer share his talent in the high school show choir.

Private donations help limit how poverty defines people's lives.

Each donation, combined with the gifts of others creates a ripple effect of help and hope for thousands of people in so many different ways. At Christmas, over 2500 children received toys. In October, we mobilized over 400 volunteers to package 100,000 meals purchased by private donations. These fortified macaroni and cheese dinners are now in the hands of multiple food programs but most importantly teachers are able to discreetly slip a meal into a child's backpack comforted to know child will have a hot meal. We also organized a large food drive at a national farm progress show and collected 11,465 pounds of food with 88 high school FFA groups participating.

It's the risk of not being able to do these things that brings me here today. We need to have programs and services available when people need it most. Additional resources are needed to develop new initiatives to improve graduation rates, strengthen families living in poverty and promote healthier choices and behaviors among youth.

I'm here as a United Way director to encourage you to protect the charitable tax deduction and to challenge you to find ways to increase charitable giving incentives. The Heartland United Way is just one example of hundreds of United Ways across the country providing vital services as I have shared.

My Dad always said that you can't go wrong when you always do the right thing. The right thing today is to preserve the charitable tax deduction and support our efforts to inspire hope and create opportunities for a better tomorrow in communities across the country.

Thank you.