

**United Way  
of America**

701 North Fairfax Street  
Alexandria, Virginia 22314-2045  
tel 703.683.7800  
fax 703.683.7846  
brian.gallagher@uwa.unitedway.org  
www.unitedway.org



**Brian A. Gallagher**  
President and Chief Executive Officer

May 20, 2009

The Honorable Max Baucus  
Chairman  
United States Senate Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Charles Grassley  
Ranking Member  
United States Senate Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senators Baucus and Grassley:

On behalf of nearly 1,300 United Ways across the United States, I am writing to express our concern about the potential impact of the Senate Finance Committee's consideration of a cap on the charitable deduction to finance comprehensive health care reform.

As a system, United Way is the Nation's largest charity, raising more than \$4 billion to Advance the Common Good each year. We employ over 9,000 people nationwide, engage over one million volunteers, and partner with 37,300 agencies to provide services to people in need. Most importantly, up to 52 million people are served each year by United Way sponsored agencies and programs. United Way is, in fact, the largest non-government funder of human services in the United States.

One of United Way's primary goals is to improve peoples' health. We are working to expand access to health care to the tens of millions of uninsured and underinsured Americans, especially children. We believe that comprehensive health care reform will be necessary to meet our goal of dramatically improving people's health. We support Congress' efforts to reform our nation's health care system and we look forward to contributing to your efforts to find a practical policy solution to this critical problem.

However, the current deep economic recession is causing reductions in contributions to United Way and most other non-profits. We are projecting additional decreases next year. At the same time, more people than ever are turning to us and our partners for help. Like everyone, United Ways are working hard to meet the increased demand for our services, despite decreasing resources. In order to maximize assistance to individuals and families in need, United Ways are streamlining in every way possible to accommodate the expected 4% to 7% revenue reductions. United Ways across the country are laying off employees, but they are still providing significant funding for vital services in their communities.

We are very concerned that limitations on charitable giving tax incentives could further reduce charitable contributions. Even the most conservative projections by supporters of a charitable deduction cap indicate a

1.5% reduction in overall charitable giving. United Way's donors span the income spectrum and a large share of our donors would be subject to any cap on charitable deductions. We would be disproportionately impacted by such a cap as we expect that many of our more wealthy donors would reduce their contributions. Even a small decrease in our donations, on top of the current economy-driven reductions, would directly impact the people who receive the services provided by United Way and our partners. The bottom-line is that millions of Americans who need our help the most would no longer receive the services we provide and fund.

Moreover, as you are well aware, even the discussion of changes to federal tax policy can impact individual behavior. Already facing tough financial choices as a result of the current economic downturn United Way donors may be less inclined to contribute in an environment of growing uncertainty. This problem is exacerbated because our donors contribute by making "pledges" each Fall for giving in the following calendar year. If the donors perceive that tax treatment will be changed in the future, they alter their giving commitments now. Even if the option is not acted upon, the Committee's consideration of it could lead to reductions in giving that will ultimately hurt the people we serve.

Based on our conversations with supporters of health and human services charities throughout Congress, we do not believe there is the support necessary to enact a cap on the charitable deduction. We appreciate that both of you have expressed support for the tax code's current charitable deduction provisions. We also note with gratitude that the Committee's "Description of Policy Options" released yesterday does not include more than a mention of a charitable deduction cap. As the Finance Committee weighs options for financing health care reform, please expressly remove the possibility of a cap on the charitable deduction from consideration.

Thank you for your consideration. Please do not hesitate to contact me should you have any additional questions.

Sincerely,



Cc: The Honorable John D. Rockefeller IV  
The Honorable Kent Conrad  
The Honorable Jeff Bingaman  
The Honorable John F. Kerry  
The Honorable Blanche L. Lincoln  
The Honorable Ron Wyden  
The Honorable Charles E. Schumer  
The Honorable Debbie Stabenow  
The Honorable Maria Cantwell  
The Honorable Bill Nelson  
The Honorable Robert Menendez  
The Honorable Thomas Carper

The Honorable Orrin G. Hatch  
The Honorable Olympia J. Snowe  
The Honorable John Kyl  
The Honorable Jim Bunning  
The Honorable Mike Crapo  
The Honorable Pat Roberts  
The Honorable John Ensign  
The Honorable Mike Enzi  
The Honorable John Cornyn