



Volunteers of America®

Testimony Before the

U.S. House Ways and Means Committee

Hearing on “Tax Reform and Charitable Contributions”

February 14, 2013

Mike King, President and CEO

- Chairman Camp, Ranking Member Levin, and Members of the House Ways and Means Committee, thank you for inviting me to testify at this important hearing on charitable contributions.
- My name is Mike King and I am the President and CEO of Volunteers of America, or VOA.
- I appreciate the opportunity to share with the Committee how vital charitable donations are to VOA. We rely on charitable contributions as a critical part of our public-private partnership with local, state, and federal governments.
- VOA is a national, non-profit, faith-based organization dedicated to helping those in need rebuild their lives and reach their full potential. We serve America’s citizens who are most in need, who are the most vulnerable. And we do it in a nonjudgmental fashion. We provide food, shelter and many other services to these folks, and we provide hope to these folks, more importantly.
- In a difficult economy with declining state and federal funding, the charitable deduction has never been more important. In addition, the charitable deduction is an efficient way for government to harness the power of individuals to help communities.
- I look forward to discussing how eliminating the charitable deduction would negatively impact VOA and the vulnerable individuals we serve.

Introduction

- Over the past 117 years, VOA has served the most vulnerable Americans.
- Our ministry of service has supported and empowered veterans, the elderly, at-risk children and youth, former inmates, the homeless, the disabled, and those recovering from addiction.
- We serve almost 2.5 million people annually in more than 400 communities in 46 states, as well as the District of Columbia and Puerto Rico. We employ 16,000 individuals and have over 60,000 volunteers.
- We are a direct provider of services. About 89 cents of every dollar VOA spends goes to services for individuals, families, and communities.
- The problems we take on are not transient; they are part of the human condition. They take strong hearts and strong wills, passion, and patience. They require the commitment of a lifetime.
- We have local affiliates, from New York to Michigan to my home state of Texas, and all parts in between, that every day provide food and shelter to the homeless ... homeless children, homeless families, and even homeless veterans returning home from service.
- VOA has made a lasting commitment to “serve those who have served their country” by providing direct services to veterans. VOA’s support helps veterans overcome the barriers that stand between them and a stable, secure life. VOA provides housing, healthcare, and support services to veterans.
- VOA is also a leader on aging issues. We serve folks that are typically the most vulnerable in our society, many of them low-income elderly who have no family left, who would have no way to find affordable housing if not for us, and service inside that housing. We’re the only family they’ve got left, and we’re sort of their last chance.
- As a direct provider of services, VOA relies on charitable donations to fund many initiatives with a real and lasting impact. We use private donations to buy meals for homeless veterans in Michigan, vans to transport clients to our programs in Louisiana, toys and books for our children’s programs in Indiana, just to name a few examples.
- We at VOA have a great tradition of addressing these most basic of human needs, and this will continue. But we’re very concerned by recent proposals to limit the charitable deduction, as they are likely to limit our ability to serve these disadvantaged populations.

About the Charitable Deduction

- For nearly one hundred years, our nation's tax system has encouraged Americans to give back to their communities by providing tax deductions for contributions to charitable organizations. These policies have fueled a strong tradition of giving.
- While Americans give to charitable organizations for many reasons, studies have shown that tax policy shapes the size and number of charitable donations.
- It has been estimated that, with no deduction for charitable gifts, annual giving would drop by between 25 percent and 36 percent. Additionally, proposed caps on charitable deductions could cost charities as much as \$7 billion a year in contributions.
- At Volunteers of America, we rely on charitable contributions as we strive to serve the vulnerable among us.

Why Preserve the Charitable Deduction

- In fact, the charitable deduction has never been more important.
- Since the economic downturn in 2008, charitable giving has declined by \$25 billion as Americans have struggled to navigate a difficult economy.
- Federal and state budget cuts have further burdened and diminished the capacity of nonprofits.
- In recent years, we've been challenged in a greater way than perhaps ever before, with more dramatic need caused by the economic downturn at a time when the resources were shrinking. Our lines of people needing services, needing shelter, needing housing, grew longer and longer. Many of our affiliates have already been forced to make hard decisions about cutting programs and reducing staff because of state and local budget cuts.
- We understand that our country is facing challenging budgetary times and that Congress and the President are faced with difficult decisions in an effort to reduce the deficit.
- However, Volunteers of America and other leading nonprofit organizations believe that limits on charitable deductions will have a negative impact on low-income families and individuals. This is especially the case if charitable deduction limits are paired with spending cuts and changes to entitlement programs.

Conclusion

- Our work at VOA touches the mind, body, heart – and ultimately the spirit – of those we serve. We’re in the love business. We make a commitment to our clients that we’re going to be their family. We’re going to serve them as family.
- As one of the largest direct human services providers in the country, preserving the charitable deduction is vital to our organization and crucial to our financial health.
- We urge Congress to reject proposals to limit the value of itemized deductions for charitable donations.
- Thank you again for the opportunity to testify today at this important hearing. I look forward to continuing the dialogue and answering any questions from Members.