

Trickle Down

Changes to the tax law create challenges to local nonprofits seeking donations.

By

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This Meals on Wheels of Tarrant County recipient celebrated his 101st birthday in November. Courtesy Facebook

Nonprofits rely on the kindness of strangers, particularly during the holiday season. Those kindnesses continue locally even as donations have fallen nationwide. Seems the Republican Party's "trickle-down" economic theory means pissing on the poor.

Americans donated fewer dollars to charities in 2018 after Trump-led Republicans initiated changes to the tax code in 2017. The Tax Cuts and Jobs Act raised the standard deduction, prompting many tax filers to claim the deduction rather than donate to charities to claim tax breaks. In July, a *Newsweek* article linked the new tax law with a \$54 billion drop in charitable donations. A spokesperson for the Association of Fundraising

Professionals, a group that promotes ethical fundraising through education, networking, research, and advocacy, described the new tax law's effect on donations as "jaw-dropping."

It's too early to determine its impact on charitable giving this year, but a strong stock market and fading memories of the Great Recession appear to be creating confidence among consumers. Shoppers spent a whopping \$7 billion online during Black Friday and another \$9 billion on Cyber Monday. Amazon reported its biggest shopping day of all time on Monday.

Is that consumer confidence filtering down to charities?

"Until the year is over, it is hard to tell whether donations are up or down," said Keith Harrison, spokesperson for Meals on Wheels of Tarrant County.

Harrison, though, knows from experience that "the people of Tarrant County are incredibly generous."

So far, donations have remained consistent, he said.

Has the Trump tax been felt?

"There are people who give for tax reasons and people who give because you tug at their heart strings, and those people are going to give regardless of what the tax laws are," Harrison said.

The media spotlight shines brightest on charities during the holidays, but the demand for services stays strong throughout the year. Meals on Wheels of Tarrant County provides one million meals a year to the area's frailest residents, including homebound folks unable to cook for themselves.

"We rely on donations coming in literally every single day of the year for us to continue being able to provide meals," Harrison said. "It's incredibly important. We are not a government agency. We rely on the kindness of the people in the community to want to take care of their own."

Most nonprofit representatives I spoke with hesitated to discuss the tax change because of the partisan manner in which it's been packaged, sliced, and diced. Donations come from all sorts of people from all walks of life, they say, obviously not wanting to sound political.

Few nonprofit leaders are as experienced or savvy as Tillie Burgin, executive director at Mission Arlington. The nonprofit fed 6,000 families on Thanksgiving. She responded with careful precision after I asked whether the tax change had impacted donations.

"There is a lot of sacrificing that people do to give," Burgin said. "We are just grateful. We take it a day at a time."

For Christmas, Mission Arlington provides more than 30,000 toys to families.

“We focus on toys – and helping families not to use their rent money on toys,” Burgin said. “Any time people can drop by and help with children’s diapers, food, or toys, there is always a need.”

Nonprofit folks tend to talk among themselves, and a representative for a local organization told me that most charities are seeing fewer donations. When adjusted for inflation, the amount of charitable giving to human services organizations has increased every year except for on two occasions — in 2008 amid the Great Recession and last year.

Stephen Raeside, Tarrant Area Food Bank’s director of development, said the tax change was felt by most nonprofits.

“There is a lot of association between charitable giving and that deduction,” he said. “We do think the change in the tax code has resulted in a change in the structure of our public support.”

The tax change, however, wasn’t the only reason donations suffered.

“There was a perfect storm,” Raeside said. “Not only did we have the change to the standard deduction, but the stock market just about crashed in November to December [of 2018]. Our holiday giving was way down.”

He spoke with some of the food bank’s major donors early last year, and they expressed trepidation about the new tax law — at first.

“As it turned out, most of those major donors came back in late April and May once they’d done their tax returns,” he said. “It kind of evened out over the year. Our major donors had to talk to professionals, their accountants, and their tax planners, to see the full impact of the tax changes.”

In 2019, donations are higher than last year but “still behind our historical performance for the holiday giving season,” Raeside said.