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President-elect Obama's plan to roll back the Bush tax cuts for the wealthy likely would be a boon for some of the nation's — and New Jersey's — most well-funded non-profit groups.

BLOOMBERG NEWS Barack Obama's community organization experience could spell relief for non-profits.

Higher taxes will encourage the wealthy to take advantage of the tax deduction for donating to charity. And when the rich give, most of the money goes to high-profile universities, hospitals and cultural institutions that already account for most of the wealth in the non-profit world.

Those who run food pantries, homeless shelters and other organizations serving the poor hope that at least some of that largesse will trickle their way — along with what they hope will be increased federal spending under a Democratic-dominated Washington.

But with the nation in economic turmoil, they know there are no guarantees.

That, in a nutshell, is the forecast of how life may change under an Obama presidency from leaders of the non-profit section in North Jersey and beyond.

Tom Toronto, president of *Bergen County's United Way*, is looking for more money from Washington. "We're just hoping for a continued expansion of affordable-housing funds," Toronto added.

Kathleen DiChiara, president of the Community Food Bank of New Jersey, said solving the nation's financial crisis would be the best thing the new administration can do for non-profits and their clients.

"We need jobs," she said. "We need better educational opportunities. I'd like to see the number of people living in poverty reduced."

The head of the statewide alliance of non-profit groups also thinks fixing the economy is Job 1 for the new administration.

"When you have a community organizer in the White House, presumably the climate will be a little more optimistic in terms of prospective relations," said Linda Czipo, executive director of the Center for Nonprofit Corporations in North Brunswick. "Obviously these are horrendous fiscal times and anything the federal government can do to ease the pain would be appreciated."

Czipo said changes in tax policy are a definite topic of discussion for the statewide group.

There's no question that raising taxes on the rich spurs more giving, said Robertson Williams, principal research associate at the Tax Policy Institute in Washington, a think tank operated jointly by the Urban Institute and the Brookings Institution. Years of research suggest that a tax plan like Obama's would encourage a 4- to 8-percent bump in charitable giving by the wealthy, he said.

Right now, people in the top tax bracket pay 40 cents in state and federal taxes for every dollar they earn. So if they give \$100,000 to charity, that's really costing them \$60,000 — because taxes would eat up the rest anyway.

The plan Obama talked about during the campaign would raise the top tax rate to about 46 percent, Williams explained. At that level, the donor could give \$111,000 and still be out just \$60,000 after taxes.

"Of course, with everything else going on in the economy, this is uncharted territory we're in," Williams added, noting that even the rich are being hurt by the plummeting stock market. And given his need to focus on taking steps to turn the economy around, Obama may not rush ahead with his tax plan.

If the new president gets his tax plan through Congress, history suggests most of the high-level giving won't be going to charities serving the needy. A study last year by the Institute for Jewish & Community Research in San Francisco found that only 5 percent of charitable donations of \$1 million or more went to organizations that provide social services to the poor.

Non-profit advocates hope the new president moves quickly on another proposal he raised during the campaign: creation of a special Social Entrepreneurship Agency that would work with non-profits on finding solutions to the nation's problems.

Obama has suggested making the office part of the Corporation for National and Community Service. But non-profit groups are urging him to put it right in the White House, possibly at the Cabinet level.

"The non-profit sector needs to be at the table when decisions are being made, just like business and labor unions are," said John DiIulio Jr., a political science professor at the University of Pennsylvania who was the first director of the Bush administration's White House Office of Faith-Based and Community Initiatives.

Speaking last week in Philadelphia at the annual meeting of Independent Sector, the nation's leading advocacy group for non-profits, DiIulio said he hopes Obama's background as a community organizer makes him realize the importance of such groups. "He has to appoint someone who is at least an assistant to the president, because so much of what's going to go on, whether in health care or in solving the fiscal crisis, is going to require a major revitalization of the non-profit sector."

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***Highlights: Bergen County's, United Way***