

NONPROFIT MEMORANDUM
or
An Open Letter to Members of the 119th Congress

TO: House and Senate Members of the 119th Congress

RE: Four Facts About the Charitable Sector Congress Needs to Know

DATE: February [3], 2025

We, the charitable sector, offer our congratulations as you start the 119th Congress. As organizations active throughout America, we are deeply proud of our nonpartisan efforts to support every community and constituents in every district and state. Charitable nonprofits are significant employers, economic drivers, and community problem solvers on whom your constituents rely. Every day.

Our work today carries forward the longstanding American tradition of residents coming together at the local level to recognize community challenges and solve local problems.¹ In the coming weeks and months, you will be called upon to decide momentous policy questions that can have a profound impact – positive or negative – on the ability of your local nonprofit organizations to improve lives, strengthen communities, and advance the public good. No two charitable organizations are alike, but their common ground is important to consider in the policy debates. As you engage in public policy development, we ask that you keep front of mind the reality that charitable nonprofits are essential to the U.S. economy and society in many ways, including the following:

- **Significant Employers:** Charitable organizations accounted for 12.8 million jobs, or nearly 10% of the private-sector workforce, in 2022. In several states, including Maine, New York, North Dakota, Pennsylvania, and West Virginia, employment at charitable organizations exceeded 15%.² Yet, federal policy often focuses solely or primarily on for-profit workplaces and ignores the economic impact of nonprofit employment.
- **Taxpayers:** Charitable nonprofits, despite being labeled “tax exempt,” pay more than \$65 billion each year in payroll, unrelated business income, and other taxes.³ While generally exempt from income taxes, all charitable organizations must consistently

¹ *Democracy in America*, Alexis de Tocqueville, 1835.

² [Nonprofits accounted for 12.8 million jobs, 9.9 percent of private-sector employment, in 2022](#), U.S. Bureau of Labor Statistics, Aug. 16, 2024.

³ Calculation provided by the National Center for Charitable Statistics at the Urban Institute.

earn this exemption by investing revenues into mission, preventing personal benefit, and focusing on the public good.

- **Partners** with governments at all levels. Typically, governments hire charitable nonprofits through grants and contracts to provide vital services to your constituents. The reason is simple: charitable organizations can provide services more efficiently and with greater impact.
- **Nonpartisan** in law, fact, and purpose. The vast majority of charitable organizations, including 98% of evangelical preachers, support maintaining the longstanding law requiring that they refrain from engaging in partisan, election-related activities.⁴ This protection is necessary to maintaining public trust, preventing abuse, and ensuring a singular focus on the public good. In part because of this protection, charitable nonprofits are continually ranked among the most trusted organizations in the nation.⁵

To varying degrees, charities of all types rely on donations by individuals to fund their missions in your communities. The federal charitable tax deduction has been a centerpiece of federal support for this work for more than 100 years. Unfortunately, the 2017 tax law changes inadvertently resulted in only 7.5% of taxpayers (down from about 30%) receiving a federal income tax incentive for contributing to charitable organizations.⁶ This has accelerated a disturbing trend in the decline of the share of households that donate to the work of charitable organizations.⁷ One bipartisan solution that has nearly universal support in the charitable sector is the creation by Congress of a non-itemizer charitable deduction that would overcome the unintended consequences of increasing the standard deduction and ensure that all taxpayers have an incentive to give back to their communities.⁸

Charitable organizations will continue to earn the trust of your constituents by addressing human needs while uplifting faith and spirit, by stepping in and stepping up during times of natural disasters, and building community neighborhood by neighborhood. We encourage you likewise to work to enable your charitable nonprofits to continue to advance their missions that regularly benefit so many of your constituents.

⁴ [Should Pastors Endorse Politicians From the Pulpit?](#), May/June Evangelical Leaders Survey, National Association of Evangelicals, July 31, 2024.

⁵ [Trust in Nonprofits and Philanthropy](#), Independent Sector, June 24, 2024.

⁶ [SOI tax stats - Individual statistical tables by size of adjusted gross income](#), Internal Revenue Service, October 2024.

⁷ [The Giving Environment: Giving During Times of Uncertainty](#), Lilly Family School of Philanthropy, October 2024.

⁸ See, e.g., Charitable Act (H.R.3435/S. 566, 118th Cong.).

As you consider legislation, we ask that you recognize that our nation's charitable nonprofits are already working to solve many of the problems you will encounter, and that empowering their work is in the best interests of your constituents and communities. We stand ready to be a resource and provide subject-matter expertise as you embark on this important work.

Sincerely,

National Organizations

State and Local Organizations