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Wyden Statement at Finance Committee Hearing on Examining Charitable Giving Trends in the Nonprofit Sector

As Prepared for Delivery

The Finance Committee meets this morning to discuss ways to go about promoting charitable giving in America. Americans are generous people, and that's why charity is one of the key incentives embedded at the heart of our tax code and a top priority for Democrats and Republicans on this committee.

I've always said that the charitable tax deduction is a lifeline, not a loophole. That's never been truer than it was in early 2020 when the pandemic arrived in the United States.

Over the course of just a few weeks that March, the pandemic wiped out a quarter million jobs in my home state of Oregon. This is in a state with a workforce of just over two million people. In a flash, Oregon's unemployment rate jumped by 10 percentage points. As terrible as those figures are, other states had it even worse in terms of those early pandemic job losses. More than 22 million Americans lost their jobs or had their hours reduced to zero. The unemployment rate hit 14.8 percent, the highest ever recorded.

That economic devastation added to a hunger crisis that had been causing pain among families in America for far too long. According to the Children's Defense Fund, prior to the pandemic, more than 10 million American children were growing up in households where there wasn't enough to eat. Black and Latino families were twice as likely to be short on food. Again, that was the situation before anybody had heard of Covid-19.

The crisis exploded in 2020. Everybody remembers the images of cars stacked up for miles outside of food pantries. There was an added challenge of feeding vulnerable children, many of whom were unable to get the free lunches they rely on at school for nutrition.

The committee is fortunate to be joined this morning by my Portland neighbor Susannah Morgan, the CEO of the Oregon Food Bank. She's going to share with us the story of how this crisis hit Oregon families, as well as how her wonderful organization was able to respond through the 1,400 food pantries it supports across Oregon and into southwest Washington. Many times, prior to the pandemic, I'd seen the Food Bank's incredible work firsthand. And the Food Bank found an extra gear over the past two years to support families in need.

The record shows that in 2020, in Oregon and across the country, Americans stepped up when their neighbors needed help. Charitable giving reached new highs. The federal and state governments also stepped up.

There are some important lessons this committee ought to consider going forward, because there are still millions and millions of people across the country who need support. Organizations like the Oregon Food Bank are still seeing demand at higher levels than they did in 2019.

Two quick examples. First, the CARES Act, which the Congress passed in March 2020, included a tax deduction for charitable donations of up to \$300 for the vast majority of taxpayers, who don't itemize their tax returns. The 2017 tax law took some of the punch out of the existing charitable tax deduction by greatly reducing the number of taxpayers who itemize. The new \$300 deduction helped correct that, and it helped promote giving in 2020. It was extended and expanded in 2021, but it expired on January 1st. There ought to be bipartisan interest in reviving it and expanding it to promote even more giving.

Second, in addition to promoting donations, the Senate ought to look at ways of helping nonprofits operate, keep their doors open and keep their workers on the job. The CARES Act also created an Employee Retention Tax Credit that helped save a lot of jobs nationwide, and it was also extended and expanded in 2021. The credit was designed with parity for nonprofits in mind, so that those nonprofits and their workers could benefit just like other employers.

Last year, along with Senator Brown, Senator Klobuchar and Senator Schatz, I also introduced a bill called the WORK Now Act, which would help nonprofits grow and hire. It would create a new grant program to help nonprofits retain staff and hire unemployed Americans— while also supporting their efforts to scale up the services they offer.

My view is, organizations like the Oregon Food Bank are part of the backbone of the communities where they operate. In addition to promoting charitable giving, it is a no-brainer that the Congress ought to find smart ways to help those nonprofits do their essential work too.

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