

Congress of the United States
Washington, DC 20515

Dear Colleague,

U.S. nonprofits and foundations have stepped up like never before in response to the COVID-19 pandemic. Donors and charitable organizations have given record amounts to support their neighbors in need – and they have made sure their dollars flowed to those affected as quickly as possible.

This incredible response would not have happened without donor-advised funds (DAFs). Donor-advised funds are flexible charitable giving vehicles that make it easy for individuals and families to contribute to charity – and they are just one of several tools used by community foundations, national charities, and other nonprofits to help donors connect their giving to causes in their communities.

Even before the pandemic, DAFs proved to be charitable vehicles with high payout rates, but the pandemic raised giving to a whole new level. During 2020, charitable grants from DAFs totaled \$34.7 billion – an increase of 27 percent compared to 2019, according to National Philanthropic Trust (NPT). Grants to charities in the front lines combating the effects of the COVID pandemic increased at an even greater rate. For example, during the first half of 2020, grants to charities in the health services sector increased 54 percent, while grants to charities in the human services sector increased 79 percent. This means DAF donors directed more money to hospitals, food pantries, and homeless shelters than ever before, doing their part to help those most in need.

This generosity was especially powerful because it was community driven. According to a 2021 survey by the [Community Foundation Public Awareness Initiative](#), DAFs at 84 U.S. community foundations granted more than \$6.7 billion in 2020. This figure represented an increase of nearly \$2 billion, or 41 percent, from the \$4.8 billion granted from that same group of foundation DAFs in 2019. The \$6.7 billion granted by those community foundations in 2020 was more than the \$6.2 billion that was contributed into those funds in 2019, showing without a doubt that most donors are not using DAFs to “park” charitable assets.

While COVID-19 highlighted the power of DAFs, the explosion in giving did not start with the pandemic. According to NPT’s *2021 Donor-Advised Fund Report*, charitable grants from DAFs have more than doubled in the last five years. Additionally, for every year on record, the annual grant distribution rate for all DAFs has consistently been over 20 percent of assets. In fact, the payout rate for DAFs in 2020 was 23.8 percent, the highest in a decade. And most DAF sponsors have inactive funds policies to ensure charitable assets are making their way to working charities.

Clearly, DAFs have become an incredibly important tool for charitable giving in communities large and small across the nation. That’s why it’s important to make sure we protect this important form of philanthropy from some recent policy proposals that would put limits on how they’re used.

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Activist groups have started lobbying Congress to significantly reform the rules around DAFs and family foundations, and legislation has been introduced to that effect. We are concerned these proposals would reduce philanthropic giving and restrict the ability for generous families to respond quickly to crises such as the COVID-19 pandemic. While these proposals are rooted in a positive goal – to ensure that charitable organizations receive funding as quickly as possible – they would produce the opposite result. Quite simply, these proposals would reduce the flow of charitable dollars and make it more difficult for donors to respond during future economic downturns.

COVID-19 won't be the last time America faces a crisis – and we need to ensure that we continue to make it easy for generous Americans to support their neighbors who are facing hardships. The pandemic proved that nonprofits and foundations can meet the moment when times get tough. Let's make sure we continue to give them the tools they need for the next crisis. We urge Congress not to consider any ill-informed or overly broad policy actions that could harm charitable giving and the philanthropic sector.

Sincerely,



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Member of Congress



MIKE KELLY
Member of Congress



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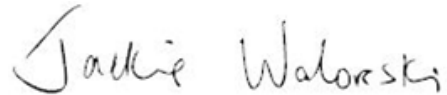
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