FOIA Number: 2013-0661-F (2)

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[Heather Moore - United Cerebral Palsy of Florida, Inc. - Non-Profit Issues] [loose]

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Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Heather Moore, State Director, United Cerebral Palsy of Florida, Inc. to President Clinton; re: Nonprofit Sector (2 pages)	01/12/1993	Personal Misfile
002. envelope	re:: United Cerebral Palsy of Florida, Inc. (1 page)	01/12/1993	Personal Misfile

COLLECTION:

Clinton Presidential Records
National Service
Jim Kreidler
OA/Box Number: 1284

FOLDER TITLE:

[Heather Moore - United Cerebral Palsy of Florida, Inc - Non-Profit Issues] [loose]

2013-0661-F
jp4899

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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THANKS FOR
IDEAS

COMFORT

Thx
Ideas

ID# 001224

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: JANUARY 30, 1993

NAME OF CORRESPONDENT: MS. HEATHER MOORE

SUBJECT: URGES THE PRESIDENT TO ANNOUNCE SUPPORT TO STRENGTHEN NON-PROFIT ORGANIZATON AND EMPLOY A HIGH LEVEL PERSON AT THE WHITE HOUSE TO WORK CLOSELY WITH NON-PROFIT AGENCIES

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION: ACT CODE	ACTION: DATE YY/MM/DD	DISPOSITION: TYPE RESP	C D	COMPLETED YY/MM/DD
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REFERRAL NOTE:					
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COMMENTS: INCOMING REC'D IN CORRESP. ANALYSIS ON JAN 29 93

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 4900 4800 ____

MI MAIL USER CODES: (A)__________ (B)__________ (C)__________

*ACTION CODES:	*DISPOSITION	*OUTGOING CORRESPONDENCE:
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS OF SIGNER
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	CODE = A
*D-DRAFT RESPONSE	*C-COMPLETED	*COMPLETED = DATE OF OUTGOING
*F-FURNISH FACT SHEET	*S-SUSPENDED	
*I-INFO COPY/NO ACT NEC		
*R-DIRECT REPLY W/COPY		
*S-FOR-SIGNATURE		
*X-INTERIM REPLY		

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75,OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.

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Support Efforts in the Executive Branch and Congress to Strengthen the Right and Opportunities of Voluntary Organizations to be Aggressive Advocates of Citizen Needs and Views.

Nonprofits employ legislative actions as a means to an end. The end may be the promotion of refugee resettlement, prevention of cancer, or protection of children. The means may be funding scientific research, publishing sociological studies, or conducting public education programs for the physically and mentally disabled.

These activities are not necessarily "charitable" per se; rather, they have a charitable character because of the purposes they promote. Legislative action, litigation, or rule making are no different from these other activities regardless of the extent to which they are employed. When a charity employs legislative advocacy, for example, as a means to further philanthropic objectives, that advocacy is no less proper - and no less charitable - and no less a health and welfare activity - than any other activity that the charity undertakes; such as public education, scientific research, or publishing sociological studies.

Congress, when it enacted legislation in 1976 expanding the lobbying latitude of nonprofit organizations, and the IRS, when they issued sound regulations to implement that law, affirmed the value to society of lobbying by nonprofits. The 1976 legislation was enacted not merely to provide clearer rules, but to encourage public charities to bring their expertise and perspectives to bear on public policy issues. The debate of public policy is one of great constitutional sensitivity. While Congress intended to limit lobbying activity by nonprofits to the levels set forth in the statute, it also wished to dispel the shadow that tax considerations had in the past cast over their participation in the public debate. In addition, Congress acted quite consciously to liberalize lobbying limits so that robust participation would be plainly permissible. In 1990, the Internal Revenue Service issued final regulations to implement the 1976 lobby law and the rules were very liberal. Together, the law and regulations send a clear message that Congress and the Internal Revenue Service strongly support lobbying by nonprofits.

Unfortunately, the Federal Office of Management and Budget (OMB) has done just the opposite. The OMB each year has proposed to disallow nonprofit postal rates for advocacy mailings by nonprofits. While Congress has not fully supported this attempt by OMB to muzzle nonprofits all should be alarmed by growing evidence of support from some key members of Congress for this effort to discourage nonprofits from expressing their views.

The role of the nonprofit organization as advocate and provider of information and expertise must be maintained and encouraged. Current law should remain the standard for appropriate amounts of lobbing by charitable organizations. Sound regulations which accurately interpret the intent of Congress in 1976 which meant to encourage the involvement of nonprofits in public policy-making, must be properly enforced. OMB should be urged to drop their continuing efforts to muzzle free speech of non-profits.

Repeal the 3% Floor on Charitable Deductions

During the past decade, the federal government slashed funding for human service and public/private partnership programs. Meanwhile, other government spending and lower taxes tripled the nation's debt. Congress, through the 1990 budget, tried to rein in the federal deficit. But by imposing a 3% floor for charitable deductions on families with incomes over $105,000, Congress risks trying to balance the budget on the backs of the nation's nonprofits.

The tax code allows itemized deductions for mortgage interest payments, state and local taxes, and charitable contributions. Before 1990, these payments were fully deductible from a family's income. However, because of the 1990 congressional action, many families no longer receive deductibility. The law now discounts those deductions by an amount equal to 3% of family income over $105,000. Thus, families that do not "use up" the 3% floor with their mortgage payments and state and local taxes will find their charitable deductions reduced by 3%. The exact effect that the 3% floor has on charitable deductions has yet to be determined. But the 3% floor has set a terrible precedent against charitable giving.

United Cerebral Palsy Of Florida urges Congress to repeal the floor for several reasons. First as a principle, charitable contributions are given to serve the public good. The money given to charities is money foregone - there are no hidden advantages, as with mortgage payments, for example. However, the advantage gained by citizens needing charitable services are great. The state of Florida pays only 45-65 percent of the costs of services to people with disabilities.

Second, Congress almost always raises floors once they are in place. The 3% floor on charitable deductions is relatively small and applies to only those families with incomes over $105,000. But as fiscal pressure increases, Congress will be tempted, as it was during the debate on the 1992 tax bill, to increase the floor - just as it did to medical deductions. If the deduction for charitable gifts will be tax deductible. Such a reduction in the tax incentive for giving would have a chilling effect on many charities trying to raise support for their vital programs.

Money freely given away shouldn't be taxed. The 3% floor on charitable deductions should be repealed to remove this disincentive to giving for the public good.

Restore Full Deductibility of Gifts of Appreciated Property

In 1986, Congress changed the tax code and removed the full deductibility of gifts of appreciated property for those taxpayers subject to the alternative minimum tax (AMT). In short, this change meant that for certain donors, only the original purchase price of a property - whether it was art, land, stock, manuscripts, etc. - was deductible, no matter how much it appreciated over the years. In many instances donors had to pay the AMT on the value of appreciation, as if the property were sold rather than donated. Needless to say this change complicated tax computations and removed much of the incentive for charitable contributions for those taxpayers subject to the AMT. Finally, because most taxpayers do not know if they may be subject to the AMT until they file their return, their uncertainty would in most cases lead them to err on the side of not making the gift.

In 1990, as part of the budget compromise, Congress removed some appreciated property - such as art works, rare books and manuscripts from the MAT for one-year only. Although no aggregate data are available, anecdotal evidence suggests that many of these gifts were made during this calendar year to take advantage of the one-year exemption. Without the one-year exemption, many of these gifts would not have been made. The exemption was extended at the end of 1991 for six more months, but was permitted to expire on June 30, 1992. Presently, no gifts of appreciated property are tax deductible for those who are subject to the alternative minimum tax.

Charitable contributions are private investments in the public good. Removal of all charitable gifts of appreciated property from the AMT schedule would encourage these investments. United Cerebral Palsy of Florida urges restoration of the full and permanent deductibility of all gifts of appreciated property at their full and fair market value.

Gifts of appreciated assets should not be included as a tax preference item under the alternative minimum tax. All gifts should be fully deductible at their fair market value.

Protect the Appropriation for Nonprofit Mail

When Congress raised postal rates in 1952 and 1967, it created preferred mailing rates for qualified nonprofit organizations to protect them from rate increases. Congress recognized the good that these organizations do for the citizens of the country and the need to support their efforts to disseminate information to the general public, solicit private contributions to pay for a wide array of programs and services, and to communicate with their members. The lower rates are subsidized through appropriations to cover the revenues that the U.S. Postal Service forgoes.

In 1986, Congress appropriated $710 million for the nonprofit postal appropriation. By 1992, that number was down to $416 million, and the amount appropriated for 1993 was just $122 million. By continuing to cut funds from nonprofit postal appropriations Congress has increased greatly the burden on all 280,000 nonprofit mail permit holders. Many of these groups tend to be the smaller, lesser-known nonprofits that must use the mails to raise funds. The problem of adequate funding has been compounded by the fact that each year, the Office of Management and Budget has attempted to disallow preferred rates for nonprofits that engage in advocacy or education, other than school room education.

The philosophy that postal rate increases for nonprofit groups should be moderate and predictable needs to be reaffirmed. Any future appropriations or changes in the organization of the U.S. Postal Service should insure that the lower preferred mail rates for nonprofit organizations are maintained by assuring maximum funding for the nonprofit postal appropriation, and the OMB should be instructed to encourage advocacy, not discourage it.

Don't Allow Government to Transfer Responsibility for the Provision of Human Services to Voluntary Organizations While Cutting the Budgets and Other Support of These Organizations.

Charitable organizations are now struggling under an enormous burden created by direct Federal budget cuts and from the huge increase of people turning to nonprofits for help. Many formerly received services from government programs that have also been cut, underfunded or eliminated.

While spending levels continued to rise in some of the federal entitlement programs for health and income assistance, between 1982 and 1992 a significant reduction occurred in federal support for a variety of human service activities in which nonprofit organizations play a significant role. The value of federal spending on these activities, exclusive of Medicare and Medicaid, was reduced a cumulative total of $119 billion over the ten year period 1982-1992 compared to what would have been spent had 1980 spending levels been maintained. As a result, new demands were placed on the private, nonprofit groups. From 1982 to 1992 direct support to nonprofit organizations declined by $37 million or 10 percent. For organizations in some fields, such as social service, community development, and advocacy, the levels of support were 20 to 50 percent below the 1980 levels.

Charitable organizations provide an indispensable link between government and its citizens in providing services to meet human needs. *Budget cuts in these services cannot be absorbed by nonprofits. Government policies must be opposed that transfer responsibility for the provision of human services to voluntary organizations while cutting budgets and other means of support of these organizations. Remedies for current gaps in service, as a result of the cuts, must be found in order to provide basic minimal humanitarian services for people in need.*

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