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Charities See Opportunity for Donations as Rebates Reach Taxpayers

By [STEPHANIE STROM](#)

Charities are hoping to capitalize on the rebates that are starting to land in taxpayers' mailboxes this week.

The VFW National Home for Children, in Eaton Rapids, Mich., is sending out 30,000 postcards urging people to donate at least part of their rebates. Churches are making similar appeals in their weekly bulletins. And other charities are planning e-mail campaigns to remind donors that while the rebate is not taxable, giving it to charity is tax deductible.

Robert Sharpe, a fund-raising consultant, predicts that the rebate will be a bonanza for charities. While various surveys suggest that only 3 percent to 4 percent of those receiving rebates plan to donate at least a part to charity, Mr. Sharpe noted that such giving would equal roughly \$5.2 billion if the average gift was \$1,000.

"The key for charities is to recognize that while 95 percent of the people who are getting these rebates need to use them to pay for their own gas and groceries, 5 percent can afford to give them away, and that's a lot," Mr. Sharpe said.

The charities, struggling with falling donations and higher costs, are promising to put the money to work.

"We're going to spend it right away," said Mike Cumnock, chief executive of the Arkansas Sheriffs' Youth Ranches, a nonprofit group that provides residential services to abused, neglected and abandoned children. The organization is almost entirely financed by charitable gifts, and its costs have been rising.

"We drive all day every day taking kids to the doctor and the dentist and to eye appointments, and fuel costs have gone way up," Mr. Cumnock said. "The other thing is, we've always been able to rely somewhat on food banks, but food banks right now don't have nearly enough."

Youth Ranches is including a notice in its newsletter about using the rebate for donations, and it plans to send similar information to its entire list of 40,000 donors.

Mr. Sharpe said smaller grass-roots organizations like Youth Ranches were ideal candidates for such gifts. "Big institutions can't react fast enough to take advantage of this," Mr. Sharpe said. "Also, this rebate doesn't really benefit their donors, many of whom won't qualify for it because of their income levels."

After [Hurricane Katrina](#), charities raised some \$11 billion in 2005 when Congress briefly allowed donors to deduct as much as virtually 100 percent of their adjusted gross incomes for charitable giving. Most of that money went to wealthy institutions like universities and hospitals.

Then from December 2006 through 2007, Congress allowed older donors to direct as much as \$100,000 from their Individual Retirement Accounts to charities without incurring taxes, but that effort did not produce as

much as nonprofit groups had imagined it would, Mr. Sharpe said. “The nearest I can tell, it brought in about \$200 or \$300 million,” he said. “It was very disappointing.”

This will not be the first time charities work to benefit from a tax rebate. Peace Action, a nonprofit advocacy group that promotes international cooperation and human rights, raised about \$5,000 in 2001 when its name appeared in an advertisement promoting the use of a tax rebate offered after the attacks of Sept. 11 for charitable donations.

“It wasn’t so much the amount raised as that it identified folks interested enough to make gifts to us, and in subsequent appeals they’ve become good, generous, reliable donors,” said Peter Deccy, Peace Action’s development director.

Mr. Deccy said Peace Action planned to make a wider appeal for the current tax rebates.

Like many other charities, the VFW National Home for Children has seen its donations fall off somewhat in the fiscal year that ends June 30, said Tim Smith, its development director.

“I don’t expect to get 3 to 4 percent of the rebates like some surveys are suggesting, but if just 2 percent were given to charity, that would still be a lot of money,” Mr. Smith said. “For us, a few hundred thousand dollars raised this way would be extremely helpful. It’s too big an opportunity to ignore.”

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