

**The United States House of Representatives
Committee on Ways and Means
Hearing on Tax Reform and Charitable Contributions**

**Testimony of Cindy Gordineer,
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Chairman Camp, Ranking Member Levin and Members of the Committee, thank you for the opportunity to talk with you about the importance of the charitable deduction, to share with you the critical work that we are doing in our community of Winston-Salem, NC, and the impact we are having. Traditionally, non profits have delivered services based on intervention strategies – that is, they help those who are facing a difficult time or in a crisis situation. We do serve many of those needs in our community, including funding food banks, mental health services, shelters, disaster assistance and leading the Ten Year Plan to End Homelessness. We know that individuals and families sometimes need a safety net to turn to.

However, as an organization, our focus has increasingly transitioned to prevention strategies. By addressing the root causes of some our community's most pressing needs, we can prepare people for a better life and the need for intervention assistance later should be ameliorated. We believe people can be successful if they have an education, financial stability and good health, and most of our investments are focused on these goals.

Our highest priority is increasing the high school graduation rate in our county. Our economic viability as a community, and as a country, depends on having an educated and prepared workforce. In 2008, when we launched a program at Parkland High School in Winston-Salem designed to help more students graduate, the graduation rate at the low-income school was 65%, and the county wide rate was 70%. That meant thirty of every hundred students who began ninth grade in our school system did not graduate four years later. The program included tutoring, mentoring, family engagement counselors, graduation coaches for students beginning their senior year who were in danger of not having enough credits to graduate and other programs. Since 2008, the graduation rate at Parkland has risen from 65% to almost 79%, and the district wide rate went from 70% to 81%. In 2012, the district graduated 3100 hundred students; 310 of them would not have graduated four years prior.

We continue our work with Parkland and have similar programs in two of our other most challenged high schools as well. Our community goal is a 90% graduation rate by 2018.

This remarkable improvement was achieved through a collaborative partnership with the school district and many other organizations in our community. We do not work in isolation but invest in partners in both the public and private sector that can deliver the varied and multi-leveled services needed to accomplish the bold goals we've set.

Our Women's Leadership Council supports this goal through their focus on the three most challenged middle schools in our community which feed the high schools we work with. This group of more than 1000 women contributed \$650,000 to ensure that middle school students are ready to be successful in high school because they believe it is important but we know they also factor in the charitable deduction when making their contribution. They lead projects such as the two-week Summer Success Academy, designed to help rising 6th graders make the transition from elementary to middle school and offered for free to every incoming student at the three middle schools each summer. Members also volunteer their time where their funds are being invested, during the Summer Success Academy and other projects in which they partner with our middle schools. One of the schools we are working in, Philo-Hill Middle School, is a feeder school to Parkland High School, which I discussed earlier; the number of students at Philo-Hill who test at grade level in math and reading has more than doubled since the partnership began in 2008 and the principal at Parkland High School attributes some of the success in the increased graduation rate to the well prepared ninth graders he is receiving in recent years.

Our second priority is Income and Financial Stability, and to address these issues we opened our first Prosperity Center in 2008. We realize that financial issues for families do not exist in isolation. The center offers a holistic array of services to help individuals increase their income level through job training, career counseling and job search assistance. It has classes to help people improve their financial situation, such as building a good credit score, learning the importance of paying their bills on time and maintaining a bank account, teaching them how to build assets for future success or to be prepared for an emergency, the path to buying a home or avoiding foreclosure and many other free financial services. It was so successful that we opened a second Prosperity Center in 2011 and are just about to introduce our first mobile Prosperity Center. We also offer free tax preparation at these sites and eight others from January

to April each year. The goal is help families and individuals build stronger, more stable lives and achieve their dreams.

Our focus on building a healthier community includes a program that works with pharmaceutical companies to obtain medication for the uninsured that face chronic health conditions in our community. For many of them, the necessary medication is unaffordable and they return to hospital emergency rooms more frequently as a result. Since the inception of our program five years ago, 40,000 prescriptions have been filled and the value of the medication is more than \$16,600,000. The number of return visits to emergency rooms has been reduced and health outcomes for the 3,500 patients enrolled are improved.

We did not achieve any of the accomplishments I've mentioned alone. We meet our goals by convening our community to form collaborative partnerships, including both the public and private sector, setting community-wide goals, investing strategically using data and evidenced-based best practices, and setting specific and measurable outcome metrics to determine our progress.

Just as we realize we cannot accomplish community change on our own, we also know it would be impossible without the necessary resources. My community is extraordinarily generous; it ranks in the top one percent of giving in the country. Seven cents of every dollar is given to philanthropy and we have many donors who invest in the community at a significant level. We know that many of our most generous donors are influenced by the charitable deduction and it was evidenced by the number that rushed to pay their pledge for 2013 by December 31, 2012 to ensure they would be able to deduct their gift in the face of uncertainty about the future of the charitable deduction. We know that some of these donors who contribute large gifts would not continue or would reduce their gifts in the future. This would diminish our ability to deliver critical services to the community or to continue the level of strategic investments needed to create stronger lives through education, financial stability and better health.

I would ask committee members to consider the additional economic repercussions that would be caused by a decrease in our services. In the short term, the costs of basic and emergency needs in the community would increasingly have to be assumed by the government since we would lack the funds to continue. In the long term, our work to address root causes of poverty will create additional contributing members of the community, since we are preparing people to obtain higher levels of education, be

more financially stable and lead healthier lives. A decision to eliminate or limit the charitable deduction would provide immediate revenue to the government but the costs would outpace the savings in the long-term.

Thank you for your attention.