

Donor-Advised Funds are a vital charitable tool to ensure our community can respond quickly when a crisis hits

By Eileen Connolly-Keesler, Community Foundation of Collier County president and CEO

John Arnold's recent opinion piece, "Why we need tax reform: Billions in charitable donations aren't helping people in need," in the Gannett publication *USA Today* on December 18, 2020, would lead you to believe that donors in our community are stingy and that we need to rewrite the tax code to encourage them to give more generously.

Let me give you a small example. Our community's response to the COVID-19 paints a more realistic picture of our donor's generosity. The Community Foundation of Collier County has received \$1.87 million in donations to our Collier Comes Together for Coronavirus Relief Fund. Of that, more than 96 percent has been distributed for human services, health, education, and public and societal benefit, including \$717,000 granted from CFCC Donor-Advised Funds either through the Collier Comes Together Fund or directly to nonprofits.

The diversity of this response has been extraordinary. Working families, local businesses, and generous individuals have all stepped up to give what they can during this unprecedented crisis.

Families who have donor-advised funds at our foundation have been exceptionally generous. These families have collectively given over \$13 million to support local nonprofits in 2020. Our donors are obviously in touch with the community's needs and are committed to making a difference.

The surge in grantmaking to nonprofits from DAFs is part of a larger, national trend.

DAF donors at community foundations across the United States have been rallying to support nonprofits at a time of extreme economic need. According to a recent survey of the nation's largest community foundations by the Community Foundation Public Awareness Initiative, DAF grantmaking at these organizations was up 42 percent this year compared with 2019.

The generosity of donors during the pandemic continues a long-term pattern of giving during tough economic times. When other forms of giving are negatively impacted during periods of financial hardship, donor-advised funds have a proven track record of stepping up for their communities during difficult times.

A 2019 study conducted by the University of Pennsylvania* found that donors who manage DAFs tend to be more generous with their grantmaking during recessions, especially compared with other forms of giving.

Arnold overlooked these facts in his piece because they do not fit the narrative that he and other critics have about philanthropy.

While I share Arnold's opinion that we need to do everything we can to encourage Americans to give more, some of his recommendations, if enacted, would have the opposite effect – and would deprive Collier County's nonprofits of getting the support they need.

Donor-advised funds at community foundations allow donors to put money into accounts earmarked for charity and receive a tax deduction for their contributions. Donors contribute to their funds as frequently as they like and then make grants to their favorite charities whenever they make sense.

Arnold and other critics assume that people put money into their funds and let the money sit there, which is simply not true.

At our community foundation, 77% percent of our fundholders have made grants this year. We also have policies that require our donors to make grants at least every five years.

Critics also decry the practice of saving philanthropic resources for future use when they could instead be used to address immediate needs.

But if saving for a rainy day is prudent advice for households and businesses, it should be especially true for institutions charged with helping those facing hard times.

We've seen the pain that comes when disaster strikes, whether it's hurricanes, red tide, or wildfires. And we know that donors will be there to keep writing checks to help their neighbors – provided that we don't inhibit their ability to do so.

I am forever in awe of the spirit of giving that is alive and well in Collier County. All of us at the Community Foundation are incredibly grateful for our donor's generosity and are confident they will continue to come together to support those in need.

* <https://repository.upenn.edu/edissertations/3346/>