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Forward to
Eli Segal

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December 28, 1992

Mr. Al From
Transition Director for
Domestic Policy
Presidential Transition Office
1120 Vermont Avenue, NW, 11th Floor
Washington, DC 20270

Dear Mr. From:

After one of the roundtable sessions in Little Rock, Christopher Hyland asked me to summarize some of the points I had made and other thoughts I have about "The Politics of Involvement: Toward More Active Citizenship and Service to Society." I thought you might want to see the draft I rushed together for him.

After a different roundtable in which Bob Smucker participated, he was asked to do a brief summary of some of the specific issues, relating to nonprofit organizations that he hoped the new Administration would tackle. Bob's summary is also enclosed.

If there's anything further you feel we should do to try to be helpful and to put forward some immediate issues and opportunities relating to this sector, by all means let me know.

Sincerely,

Brian O'Connell

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**THE POLITICS OF INVOLVEMENT
Toward More Active Citizenship and Service to Society**

Prepared at the request of the Clinton/Gore Transition
Brian O'Connell
President
INDEPENDENT SECTOR

For the past 18 months, I've been chairing an international committee which is attempting to find common ground for people and countries eager to expand their civic societies. After prolonged disagreements about terms such as pluralism and voluntarism, the group finally found common understanding in the concept that "the effectiveness of societies is in direct proportion to their degree of citizen involvement and influence."

Though the United States is more advanced than most countries in its degree and governmental encouragement of citizen involvement and influence, we are still very far short of what our citizens are willing to do. INDEPENDENT SECTOR's several related studies of trends, attitudes, values, capacities, and impact make very clear that Americans want to be involved, generally say yes when asked, like feeling useful and make an enormous difference for causes and communities.

One of the most significant differences between participation in America and in other countries is that our involvement is inclusive of age, income, gender, race, and geography. Poorer Americans are more generous than the well-to-do and the fastest growing categories of givers and volunteers are young persons and people of color. Growth in those and all categories is in direct relation to being asked.

In a recent speech on the subject, Honorable John W. Gardner, my co-founder of INDEPENDENT SECTOR, said:

One of the values most deeply embedded in our tradition is the release of human talent and energy. There is nothing more essential to the dynamism of a social system than the effectiveness and capacity, the quality and vitality of the human beings in the system. Yet no society has every fully recognized or honored those assets. There are great untapped reservoirs of human energy and capacity awaiting leaders who can tap them, and societies that deserve them. Now is a time when we must call on those hidden reserves.

During the past 12 years, there have been a great many restraining forces which have limited a greater

involvement of people who care and are willing to do something about it. The Clinton/Gore Administration can quite readily remove or reduce those obstacles and accentuate the positive forces which are abundant. Thereby, the new Administration will be responsible and can take credit for the greatest surge of active citizenship and service to society than the country has ever known.

The necessary actions will not cost much money or require a great deal of time to initiate. Following are examples of actions with early and substantial payoff:

1. The potential is at hand for an absolute explosion of involvement and impact by young people ranging from grade one through university. This would be in addition to the results of the Clinton/Gore National Service Trust Fund. Our recent and greatly enlarged studies of youth service make abundantly clear that young people want to feel needed and useful and will say yes when asked. For example, 61 percent of teenagers (ages 12-17) are already volunteers and are willing to do more. The studies point out the tremendous

influence of religious congregations, schools and youth service organizations in the involvement of young people. There are thousands of examples of such programs and a clear readiness on the part of young people and their mentors in schools, congregations and other youth-serving organizations. The President and Vice President could move into this unfolding phenomenon and have impact far beyond what even they might imagine. In terms of long-term payoff, our other studies make clear that among adults who are community leaders the overwhelming majority began as young people and have sustained their involvement and the satisfactions of it. There is a nation-wide force that is already building which can be identified with and accelerated by the new Administration.

2. Encouragement of the growing network of volunteer centers, corporate volunteerism programs, and other vehicles for expanding adult participation and providing bridges between people willing to be involved and meaningful service opportunities.

People want to be involved but often don't know how to get started. And voluntary organizations are often not trained for the outreach and maximum involvement of volunteers. There are enough good models of volunteer centers and corporate volunteerism programs to provide communities and companies with good examples of how to help their people get involved in meaningful service.

3. One of the fastest ways to increase involvement of more people is to applaud and encourage the organizations already on the line. America's network of voluntary organizations is very large, involving close to a million formal organizations and probably three million informal ones. These groups deal with the full range of human needs and aspirations from neighborhood improvement, peace, the dying, community arts, clean air, illiteracy, religious expression, crime and delinquency, recreation, rehabilitation, and on and on.

Probably nothing will have faster immediate payoff than reaching out to the leaders of

the philanthropic/voluntary community to say "you're special" and to spur them on to greater accomplishment. This is not as difficult as it might appear. There are leaders and leadership organizations relating to almost every area of non-profit endeavor and by starting with them the news of the encouragement will get around.

Voluntary organizations have felt under seige in the past 12 years, and encouraging signals from the new Administration will cause them to double and triple their efforts and to spread the encouragement to their networks to do the same.

By using the White House for periodic meetings of leadership groups involved with religion, education, environment, health, social welfare, job training, international understanding, community foundations, service clubs, etc., the Administration's "politics of inclusion and involvement" will be advanced profoundly.

It will also be important to encourage the

organizations through legislation, regulation, policies and practices that facilitate the expansion of their roles and not the opposite. For example,

- a. Over the past 12 years, administrations that said they wanted to help voluntary organizations have actually delivered a triple whammy to them. This took the form of cutting financial support for services provided by voluntary organizations, while at the same time giving the impression to a growing number of people in need that voluntary organizations could pick up the load and of the slack created by cutbacks in government's own services, all at the same time government was undercutting tax incentives for charitable contributions. It's been a very bad period.
- b. The same administrations that constantly pointed to glorious examples of the history of voluntary initiative such as child-welfare laws, women's suffrage,

and anti-slavery, attempted and several times succeeded in curtailing the advocacy and education roles of voluntary organizations. There has been an attitude that service that supplements government programs is acceptable, but advocacy and education of the public are not. In fact, advocacy and education are often the sector's most valuable services to society.

- c. The administrations several times tried to narrow the definition of voluntary organizations in order to achieve more orderliness and "acceptable behavior" by religions, civil rights' groups, champions of children and many many others. The democratic cacophony can be unpleasant at times, but it is the way by which leaders get to hear society's shrieks and songs. This certainly does not suggest that the government has to do everything that people shout about, but it is essential that the voices be heard. Pat Moynihan

says that one of the reasons our democracy has lasted longer than any other is because "we have outlets for outrage."

- d. It has also become obvious over the past 12 years that because America's independent sector has always been taken for granted that there is not a clear understanding of what actions by government encourage or inadvertently and perhaps intentionally hinder the capacity of the sector to do what the public and even the government expects of it. This is certainly the case in several recent changes in tax policy that for example 1) began to set a floor under what people can deduct as contributions, 2) limited deduction of lead gifts in the form of appreciated property, and 3) took away the deduction of contributions by non-itemizers, the country's most generous givers.

4. Establish within the White House a high-level

place for discussion of issues impacting the independent sector. It is not possible to anticipate all of the things that can go wrong or can be enhanced in the relationships between an administration and the sector. It is important that there be a person of influence within the White House who can assure that communications are wide open.

5. To get at the lack of clearer understanding of the roles and relationships between the governmental and independent sectors, including the subject of what voluntary activity can and cannot do, there would be merit in having a White House Conference that could help interpret the historic record on the origins, dimensions and impact of America's voluntary sector, the limitations of voluntary/philanthropic organizations, impediments to their maximum public service, international comparisons and lessons from them, and other topics that will help educate public policy leaders now and for a long time to come on issues too little understood and therefore too often mishandled.

6. An essential area of activity involves voter registration. I won't try to cover that in any substantive way here except to indicate that inclusion and involvement in a democracy are imbedded in the vote, but our society has done far too little to encourage the exercise of that right and obligation. The key words are Jefferson's, "I know of no safe depository of the ultimate powers of society, but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education."
7. There is an opportunity to use mass media far more effectively for two way communications. There were several others at our Little Rock roundtable such as David Mathews who are far more qualified than I to amplify and specify these important strategies.

This is all quickly sketched, but perhaps provides examples of activities that could be undertaken immediately, relatively inexpensively and with almost unbelievable results in the near term and for decades

if not centuries. The Clinton/Gore team can excite, involve and make appropriately influential the citizenry in ways never before achieved. It would make "putting people first" have even more significance.



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Robert M. Smucker
Vice President, Government Relations

December 7, 1992

Christopher S. Hyland
Deputy Assistant Director for Political
Affairs
Presidential Transition Office
P.O. 8086
Little Rock, Arkansas 72202-8086

Dear Chris:

Thank you for including me in the December 3 session for nonprofit representatives. I hope the meeting was helpful to you in providing information on the needs that nonprofits face in delivering services with diminished resources.

In follow-up to your request I am enclosing a "one-pager" on recommendations for action by Mr. Clinton on tax incentives for charitable giving. His inclusion of our proposals would help greatly to strengthen government's partners, the nonprofits, in delivering services.

It was good to meet with you and the group. Let me know if there is anything more I can do in the way of providing information.

Sincerely,

Robert M. Smucker

Attachment

cc: Mark Rosenman
Brian O'Connell

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Top Short Term IS Priority Nonprofit Tax Issues

1) Repeal the 3% Floor on Itemized Deductions Including Charitable Deductions

In 1990, Congress passed the 3% floor on itemized deductions, including deductions for charitable contributions, state and local taxes, and mortgage interest, for taxpayers with incomes over \$100,000 a year. The legislation was enacted to avoid increasing marginal tax rates 1%, on that income group. A straight forward 1% rate increase, according to spokespersons for the President, would have broken his "no new taxes" pledge.

The 3% floor is a disincentive to charitable giving and puts the charitable deduction on a slippery slope. INDEPENDENT SECTOR urges repeal of the 3% floor. Other organizations that have joined in opposing the 3% floor include: American Federation of State, County and Municipal Employees; American Federation of Teachers; Service Employees International Union; Government Finance Officers Association; National Association of Counties; National Conference of State Legislatures; National Governor's Association; National League of Cities; and United States Conference of Mayors.

2) Restore Full Deductibility of Gifts of Appreciated Property

In 1986, Congress ended the full deductibility of gifts of appreciated property for those taxpayers subject to the alternative minimum tax (AMT). 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. The change removed much of the tax incentive for charitable contributions for those taxpayers subject to the AMT.

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. INDEPENDENT SECTOR urges restoration of the full and permanent deductibility of all gifts of appreciated property at their full and fair market value.

Longer-term IS Priority Tax Issue

Topping our list of longer-term needs that President-elect Clinton should address is the strengthening of tax incentives for giving by restoring the charitable deduction for nonitemizing taxpayers. According to Internal Revenue Service data, charitable giving would rise by an annual \$4 billion if non-itemizers could deduct their contributions. Moreover, restoring the nonitemizer deduction would recognize at the highest level and in a tangible way the importance of charitable behavior among all citizens including those of modest means.

