

Who Is Lobbying against Common-Sense Charity Reform?

Meet the foundations, donor-advised fund sponsors, and community foundations spending money and time to defend the indefensible status quo.

By Chuck Collins and Helen Flannery

Key Findings

- As U.S. philanthropy becomes increasingly commandeered by ultra-high-net-worth donors, we see more examples of charitable [abuses](#) and [self-dealing](#), along with [growing public distrust](#) in the charity system. And, in 2022, [41 percent](#) of all individual donations went to private foundations and donor-advised funds, or DAFs — leading to concerns that these intermediaries are warehousing charitable funds.
- **Because of this, there is growing popular bipartisan support for charity reform** — as evidenced by a recent [Ipsos poll](#) and an emerging [Donor Revolt for Charity Reform](#).
- **Yet the DAF industry has spent millions lobbying to block even basic common-sense changes.** For example, the Accelerating Charitable Efforts Act, or [ACE Act](#), was introduced in 2021 with bipartisan support and proposed relatively modest reforms. But it failed to get traction thanks to aggressive lobbying both by organizations that manage DAFs and by industry advocacy groups that support them.
- **We estimate that since 2018, 21 for-profit firms and nonprofit organizations have spent a combined \$11 million to lobby against DAF reform.**
- **An estimated \$3 million of that total was spent to defeat the ACE Act.** Much of the funding against the ACE Act came from large commercially-affiliated DAF sponsors such as Fidelity Charitable, Schwab, and Vanguard Charitable. Only one organization, [Tesseract](#) — a [501\(c\)\(4\)](#) advocacy organization affiliated with the [Patriotic Millionaires](#) — spent \$35,000 on lobbying in support of the ACE Act and other charity reforms.
- **The 14 organizations that are most reliant on DAFs have spent \$1.7 million lobbying at the federal level over the past five years.** Many of these are community foundations, including the Silicon Valley Community Foundation, the Greater Kansas City Community Foundation, and the Community Foundation for Southwest Washington. DAF account holders at these organizations may be surprised to know that their local community foundations have been spending money to lobby against common-sense reform.

- **The organizations spending the most on anti-reform lobbying include not only DAF sponsors but also umbrella groups that advocate for the DAF industry.** The Community Foundation Awareness Initiative, or CFAI, a network representing community foundations around the country, spent over \$4 million between 2018 and 2023 to lobby against reforms to DAFs, including over \$900,000 spent on the ACE Act. The [Council on Foundations](#) and [Philanthropy Roundtable](#), both of which are philanthropy advocacy groups, spent a combined \$795,000 lobbying against charity reform, with over \$450,000 aimed specifically at the ACE Act.

Chasing the Charity Lobby

We need common-sense charity reform to increase the flow of funds to nonprofits and discourage the warehousing of charitable dollars in intermediaries. For example, donor-advised funds, or DAFs, should have at least a minimal incentive to pay out funds. Unfortunately, however, those invested in maintaining the status quo have deep pockets, and spend a great deal of money to pressure legislators to block needed reforms.

Our charitable sector is becoming dominated by large legacy foundations and donor-advised funds while working nonprofit charities face greater fiscal austerity. An ever-larger share of charitable dollars — currently [41 percent](#) of all individual giving — is diverted into these wealth warehousing vehicles, rather than going to nonprofits serving critical needs. And ultra-wealthy donors are increasingly able to use charitable gifts to opt out of paying their fair share in taxes to support the public infrastructure we all rely on.

Without intervention, wealthy philanthropists will continue to divert more and more charity dollars from operating nonprofits, and will rival state and local governments in their ability to shape public policy in their interest. This means less money going towards the issues the general public cares about, and more going towards the pet issues of major donors, all at the public's expense. We urgently need to overhaul the rules governing philanthropy to discourage the warehousing of charitable wealth, to align tax incentives with the public interest, and to encourage broad-based giving across all segments of society.

But those that benefit from the current system — such as donor-advised fund sponsors, wealth advisors, and the funders of anti-tax organizations — continue to push against changes in charitable regulations. In this policy brief, we lay out what we know about the parties that are working against reform.

Organizations Lobbying against the ACE Act

The most recent attempt to correct the charitable system at the federal level was in 2021, when the Accelerating Charitable Efforts (“ACE”) Act was introduced into both the [House](#) and the [Senate](#). Reform opponents, including several large donor-advised fund sponsors, fought hard against even this relatively moderate bill, and it never reached the floor for a vote.

The organizations listed below lobbied on the Senate ([S.1981](#)) and/or the House ([H.R.6595](#)) ACE Act bills from 2021 (when the Act was introduced) through the second quarter of 2023 (the most recent time period available).

Lobbying Disclosures that Mention the ACE Act, Q1 2021 to Q2 2023

Organization	Total Amount Spent on Lobbying	Estimated Amount Spent on ACE Act
Vanguard Charitable Endowment Program	\$590,000	\$590,000
Charles Schwab Corp	\$530,000	\$530,000
Community Foundation Awareness Initiative	\$1,120,000	\$903,333
Philanthropy Roundtable	\$700,000	\$241,212
Jewish Federations of North America	\$240,000	\$240,000
National Philanthropic Trust	\$220,000	\$220,000
Council on Foundations	\$210,000	\$210,000
Fidelity Charitable Gift Fund	\$40,000	\$40,000
Leukemia & Lymphoma Society	\$430,000	\$23,670
Americans for Tax Reform	\$290,000	\$12,116
American Lung Assn	\$340,000	\$1,286
Independent Sector	\$10,000	\$1,111
FreedomWorks	\$10,000	\$625
Total	\$4,730,000	\$3,013,353

Source: OpenSecrets.org and the U.S. Congress Lobbying Disclosure Act database.
Assumes an equal distribution of money spent on all bills lobbied.

Many of these organizations lobbied on more bills than just the ACE Act during this period. Because of the way the data is stored in the LDA database, we know how much money each organization spent in total on lobbying, but we do not know how much money each organization spent on each individual bill.

For that reason, the amount of money we estimate that these organizations spent on the ACE Act assumes an equal distribution of money spent on all the bills they lobbied on during the time period.

Detailed year-by-year lobbying data for all of the organizations listed in the table above is in the first tab of a Google Sheet [here](#).

Lobbying on Donor-Advised Funds outside of the ACE Act

Aside from the ACE Act, donor-advised fund sponsors, wealth advisors, and the funders of anti-tax organizations have a history of putting big dollars behind their efforts to quash charitable reform, and those efforts continue today.

The amounts below are from lobbying disclosure reports that do not mention the ACE Act, but do list donor-advised funds, or DAFs, as at least one of the issues they lobbied about. These disclosures are from 2018 to the second quarter of 2023 (the most recent time period available).

Non-ACE-Act Lobbying Disclosures that Mention Donor-Advised Funds, Q1 2018 to Q2 2023

Lobbyers against DAF Reform						2023	Total
	2018	2019	2020	2021	2022	(Q2 YTD)	
American Heart Assn	\$0	\$0	\$0	\$30,000	\$80,000	\$0	\$110,000
Association of Fundraising Professionals	\$0	\$0	\$0	\$10,000	\$10,000	\$0	\$20,000
Community Foundation Awareness Initiative	\$1,020,000	\$1,140,000	\$650,000	\$150,000	\$180,000	\$180,000	\$3,320,000
Community Funds Inc	\$40,000	\$40,000	\$20,000	\$0	\$0	\$0	\$100,000
Council for Advancement & Support of Education	\$0	\$0	\$0	\$60,000	\$55,000	\$0	\$115,000
Council on Foundations	\$180,000	\$0	\$120,000	\$120,000	\$120,000	\$30,000	\$570,000
Fidelity Charitable Gift Fund	\$20,000	\$0	\$10,000	\$30,000	\$0	\$10,000	\$70,000
Greater Washington Community Foundation	\$0	\$0	\$0	\$40,000	\$40,000	\$10,000	\$90,000
Jewish Federations of North America	\$0	\$0	\$0	\$0	\$0	\$20,000	\$20,000
National Philanthropic Trust	\$110,000	\$120,000	\$160,000	\$80,000	\$0	\$50,000	\$520,000
Nationwide	\$0	\$790,000	\$1,890,000	\$0	\$0	\$0	\$2,680,000
Philanthropy Roundtable	\$0	\$0	\$65,000	\$100,000	\$0	\$60,000	\$225,000
Philanthropy Southwest	\$0	\$0	\$0	\$30,000	\$0	\$0	\$30,000
United Philanthropy Forum	\$0	\$0	\$0	\$0	\$60,000	\$0	\$60,000
Vanguard Charitable Endowment Program	\$0	\$0	\$0	\$60,000	\$0	\$0	\$60,000
Total	\$1,370,000	\$2,090,000	\$2,915,000	\$710,000	\$545,000	\$360,000	\$7,990,000

Lobbyers for DAF Reform						2023	Total
	2018	2019	2020	2021	2022	(Q2 YTD)	
Tesseract Inc	\$0	\$0	\$35,000	\$0	\$0	\$0	\$35,000
Total	\$0	\$0	\$35,000	\$0	\$0	\$0	\$35,000

Source: OpenSecrets.org and the U.S. Congress Lobbying Disclosure Act database. Amounts include total amounts spent on lobbying in disclosures mentioning DAFs, whether or not that entire amount was spent on lobbying efforts directed towards DAFs.

In total, those lobbying against DAF reform outside of the ACE Act spent \$7,990,000 on lobbying efforts over the past five and a half years.

Note that not all of these revenue amounts are necessarily directed towards DAF lobbying. This is because when an organization lists multiple issues or bills in their lobbying disclosures, we do not know how much money was spent by these organizations on each specific issue or bill. For this reason, the amounts shown here represent the amount spent in total on each lobbying

disclosure that mentions DAFs, whether or not that entire amount was directed towards DAF-related lobbying efforts.

Most of the organizations lobbying on donor-advised funds in general, and the ACE Act in particular, are nonprofit donor-advised fund sponsors that have a financial interest in maintaining the current rules governing DAFs and charitable giving. But reform opponents are also supported by for-profit firms of DAF sponsors that lobby on their behalf.

One of the most active of these firms is the [Community Foundation Awareness Initiative](#), or CFAI. The issues lobbied by the CFAI generally revolve around community foundation and donor-advised fund regulation and tax policy. The CFAI has employed one lobbying firm, Van Scoyoc Associates, which has engaged three lobbyists over the years — Jeff Hamond, Susie Gorden, and Robin Rubin. In total, from 2018 to the second quarter of 2023, the CFAI has spent [\\$4,440,000 on lobbying efforts](#), much of which has been directed towards either the ACE Act or donor-advised funds more generally. They have also worked with a media firm called [Turn Two Communications](#) on a national public relations campaign promoting their anti-reform platform.

The CFAI was originally set up with the IRS as a tax-deductible charity in 2020. But the organization filed none of the appropriate tax returns to maintain that status, and their charitable status was eventually revoked in 2023.

General Lobbying by Donor-Advised Fund Sponsors

DAF sponsors don't just lobby around DAFs or specific charity legislation; they also are a sizable presence in the lobbying arena generally.

To get an idea of the scale of lobbying by DAF sponsors more widely, we looked at tax return data for the 43 DAF sponsors that reported lobbying expenditures in 2022 (the most recent year available).

Again, it's not possible to tell either from an organization's tax return or from their federal lobbying disclosures how much of their lobbying expenditures went towards specific issues or bills. And for sponsors where DAF programs make up just a small percent of their total assets, lobbying expenditures are more likely going towards mission-related policy matters.

But when DAF programs make up a large portion of a sponsor's asset base, it is arguably more likely that lobbying expenditures are being used to lobby on charitable reform. Below we list the lobbying expenditures by sponsors where DAFs made up more than half of their asset base. All told, lobbying by these 14 sponsors added up to \$1.7 million in 2022.

Lobbying Expenditures by Most DAF-Reliant Sponsors, 2022

Sponsor	State	Total Assets	DAF Assets as a % of Total Assets	Lobbying Expenditures
Vanguard Charitable Endowment Program	PA	\$15,184,566,383	99.1%	\$473,514
Tulsa Community Foundation	OK	\$776,647,116	55.7%	\$305,413
East Bay Community Foundation	CA	\$653,725,944	79.8%	\$237,782
Silicon Valley Community Foundation	CA	\$10,982,029,914	85.5%	\$227,180
National Philanthropic Trust	PA	\$21,633,283,286	99.5%	\$210,000
Greater Kansas City Community Foundation	MO	\$2,566,570,204	69.5%	\$55,000
Community Foundation For Sw Washington	WA	\$369,113,662	73.0%	\$51,016
Baltimore Community Foundation Inc	MD	\$250,868,287	56.2%	\$44,956
Foundation For The Carolinas	NC	\$3,064,138,829	70.0%	\$36,000
The Greater New Orleans Foundation	LA	\$431,145,923	61.2%	\$27,000
The Minneapolis Foundation	MN	\$1,113,100,701	53.3%	\$20,000
The Community Foundation For Greater Atlanta Inc	GA	\$1,082,753,744	64.9%	\$18,000
The San Diego Foundation	CA	\$1,298,825,008	50.3%	\$18,000
The Community Foundation For Northeast Florida Inc	FL	\$548,390,568	65.3%	\$12,000
Total				\$1,735,861

Source: IRS. Includes sponsors with lobbying expenditures where DAF assets make up 50% or more of total assets.

Lobbying data for all of the 43 sponsors with lobbying expenditures in 2022 is in the second tab of a Google Sheet [here](#).

Deep Pockets Make for a Powerful Voice against Reform

Philanthropy is an expression of our collective generosity and human solidarity. But the growing concentration of wealth and power is distorting philanthropy and imperiling our democratic institutions.

And yet our research shows that since 2018, a total of 21 organizations have spent an estimated \$11 million to lobby against the common-sense reforms that would make our charitable system more responsive and transparent. An estimated \$3 million of that total was spent to defeat the ACE Act alone.

The last time Congress overhauled the legal framework for the philanthropic sector was in 1969, when wealth was considerably less concentrated than it is now. This framework provided important tax-reduction incentives to encourage timely giving to charity, but it also [created the loophole](#) that allowed for the commercial exploitation of donor-advised funds. The [Pension Protection Act of 2006](#) later tweaked some of the regulations around tax-exempt organizations — including DAFs — but didn't address the key concerns surrounding them, such as payout

and transparency. It is high time to [modernize the rules](#) governing philanthropy to prevent abuses of the tax system, discourage the warehousing of charitable wealth, and protect democracy and public society from the undue influence of private wealth and power.

The public agrees that reform is needed. When taxpayers are aware of the ways wealthy donors can abuse charity, they show overwhelming support for increased oversight. According to a [March 2023 Ipsos Poll](#), 81 percent of Americans do not believe that taxpayer money should subsidize the creation of perpetual private foundations. 69 percent want to double the minimum payout requirement for private foundations. And 72 percent want donor-advised funds to pay out their funds in five years or less.

Unfortunately, anti-tax donors, large DAF sponsors, and the network of organizations that support them are flooding the political arena with lobbying revenue aimed at defeating charitable reform. We must ensure that the public good triumphs in the end.

Sources

Revenue and lobbyist information for those lobbying against the ACE Act and donor-advised funds comes from the U.S. government's [lobbying disclosure act database](#) (LDA). All data is from publicly-available quarterly lobbying disclosures (Form LD-2).

Data used to identify the specific **ACE Act bills** mentioned in lobbying disclosures comes from [OpenSecrets.org](#) (regarding specifically [S.1981](#) and [H.R.6595](#)).

The **Community Foundation Awareness Initiative's** initial determination letter granting them 501(c)(3) status on 6/17/2020, as well as the notification from the IRS revoking that status on 5/15/2023, can both be found on the IRS's Tax Exempt Organization Search page under Employer Identification Number 84-4996925.

Lobbying expenditure information for donor-advised fund sponsors comes from publicly-available [nonprofit tax return data](#), available from the IRS. Total lobbying expenditures are from Form 990, Schedule C, Part II-A, Line 1c, Column (a).

Methodology

All data used in this policy brief comes from an Institute for Policy Studies analysis of raw data from [OpenSecrets.org](#), the U.S. Congress [Lobbying Disclosure Act](#) database, and the publicly-available tax returns of 501(c) tax-exempt organizations from the [Internal Revenue Service](#).

To determine the estimated amount spent by each organization lobbying on the ACE Act in the section titled "Organizations Lobbying against the ACE Act," we first found the average amount spent on each bill by dividing the total amount the organization spent on lobbying by the number of bills listed in their lobbying disclosure forms, and then multiplied that average amount by the number of times either of the ACE Act bills are mentioned.

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Online version available at Inequality.org.