



EMBARGOED FOR RELEASE: THURSDAY, JAN., 31, 2013

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Payroll Tax Increase Expected to Suppress Charitable Giving

ChildFund International survey finds one in five Americans will reduce donations

MOST AMERICANS ALSO GROSSLY OVERESTIMATE SIZE OF U.S. FOREIGN AID

Richmond, Va., January 31, 2013 – New legislation designed to avert the “fiscal cliff” is likely to create another kind of precipitous drop – in charitable giving. A just-released survey by Ipsos Public Affairs on behalf of ChildFund International finds that the return to the 6.2 percent payroll tax, an increase of 2 percent, will lead one in five Americans to reduce their charitable giving by an average of 29 percent.

Another 21 percent say they will not give at all to charity in the coming year.

Conversely, 54 percent of the survey’s respondents say that, despite the tax increase, they will continue to make charitable donations at the same level, while another 6 percent anticipate giving more.

“While there is some good news in these findings, the survey results suggest a challenging year ahead, in what already has been a demanding fundraising climate,” says Tereza Byrne, chief development officer of ChildFund International, a U.S.-based global child development agency. “Nonprofit organizations like ChildFund can take comfort in the fact that six in 10 Americans will either maintain or increase their charitable giving. What is alarming, however, is the anticipated decrease in contributions by as many as one in five givers. If that comes to pass, it will likely have broad-reaching consequences across the nonprofit landscape.”

When asked who should be most responsible for assisting poor children in developing nations, more than four in 10 Americans (42%) say that it is the responsibility of individual national governments themselves. Two in 10 Americans say either nonprofits or advocacy groups (23%) or individuals in nations where children are being affected (22%) should bear the most responsibility. Fewer than one in 10 believe either individual Americans (7%) or



the U.S. government (5%) should be responsible for assisting poor children in developing countries.

While Americans largely want developing countries to shoulder more responsibility, they drastically overestimate the amount of U.S. governmental support to foreign countries, which is around 1 percent of the annual federal budget. More than half of Americans (55%) think that more than 10 percent of the budget is allocated to foreign aid. On average, Americans estimate that 22 percent of the federal budget is spent on foreign aid, more than 20 times the actual amount.

"The ultimate responsibility for helping children in developing nations lies at the community level, as it is the only sustainable way to help families disrupt generational poverty," says Anne Lynam Goddard, president and CEO of ChildFund International. "This is why our focus is directed at helping families and communities, giving them the skills and resources necessary to improve their lives and create hopeful tomorrows for their children."

When making decisions about charitable giving, one-half of Americans (50%) say the most important factor is knowing that the money is being used appropriately and honestly. One in five (20%) say that the highest priority is feeling a positive sense of well-being in knowing that they are helping others, while one in seven (14%) point to the fact that the cause reflects their personal values. Fewer than one in 10 (7%) say that receiving a tax deduction is the biggest motivation in giving.

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Survey Methodology

A nationally representative sample of 1,012 randomly selected adults aged 18 and over residing in the U.S. was interviewed online via Ipsos US panel between January 10 and January 14, 2013. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is considered accurate to within +/- 3.5 percentage points had all U.S. adults aged 18 and over been surveyed. These data were weighted to ensure the sample's regional and age/gender composition reflects that of the actual U.S. population according to data from the U.S. Census Bureau.

About ChildFund International

ChildFund International is a global child development and protection agency serving more than 17.8 million children and family members in 31 countries. For 75 years, we have helped the world's deprived, excluded and vulnerable children survive and thrive to reach their full potential and become leaders of enduring change. As a member of the ChildFund Alliance, we create supportive environments in which children can flourish. [To sponsor a child in need, visit ChildFund.org.](http://www.childfund.org)

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