

December 19, 2019

The Honorable Mark Stone, Chair, Assembly Judiciary Committee
State Capitol
Sacramento, CA 95814

RE: Support for Assembly Bill 1712 – Donor Advised Funds

Dear Assemblymember Stone,

As leaders of the nonprofit community in California, we write to express our support for Assembly Bill 1712 which would improve transparency and accountability of donor-advised funds.

Donor advised funds (DAFs) have grown significantly over the past several years. The national share of total individual charitable giving contributed to DAFs increased from 4.4 percent in 2010 to 10.2 percent in 2017, with DAF sponsoring organizations holding more than \$110 billion in charitable assets. DAF sponsoring organizations affiliated with large Wall Street financial firms, like Fidelity, Vanguard, and Schwab, are now among the largest recipients of all charitable giving in the United States.

However, DAFs are under increasing scrutiny by news media and academic critics who argue that the manner in which some donor use DAFs can result in diversion of funds for traditional charitable organizations and reduced public revenues that are not offset by the benefits DAFs produce.

We know that not all DAF-sponsoring organizations or DAF fund holders are created equally; many are deeply committed to ensuring that charitable funds contributed to DAFs are moved through to charitable purpose expeditiously. But we lack the ability to assess this. By gathering more reporting and financial information about DAFs – while continuing to protect donor identity -- AB 1712 will help policymakers and members of the public analyze the charitable benefits that DAFs produce, and understand how the state might regulate them to deter inappropriate use of DAFs and to maximize public good.

We urge your support for AB 1712 so that California can bring more sunlight to DAFs and unlock these much-needed funds for our communities.

Sincerely,