

Sixteenth Edition

# The State of Church Giving through 2004

Will We Will?

*Excerpt  
Chapter 7*

John L. Ronsvalle

Sylvia Ronsvalle

*empty tomb*<sup>®</sup>, inc.  
Champaign, Illinois



*The State of Church Giving through 2004*

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by John and Sylvia Ronsvalle

Published by empty tomb, inc.

First printing, October 2006

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empty tomb, inc.

301 N. Fourth Street

P.O. Box 2404

Champaign, IL 61825-2404

Phone: (217) 356-9519

Fax: (217) 356-2344

[www.emptytomb.org](http://www.emptytomb.org)

ISBN 0-9679633-6-2

ISSN 1097-3192

The Library of Congress has catalogued this publication as follows:

The state of church giving through ...—19uu- Champaign, Ill. :

Empty Tomb, Inc.,

v. : ill. ; 28 cm. Annual.

1. Christian giving Periodicals.
2. Christian giving Statistics Periodicals.
3. Church finance—United States Periodicals.
4. Church finance—United States Statistics Periodicals.

BV772 .S32 98-640917

## *Why and How Much Do Americans Give?*

### **Overview of Why and How Much Americans Give**

Philanthropy has been part of the American fabric since the nation's founding. The habits practiced today in support of nonprofit activity have deep roots in historical traditions.

*Why Do Americans Give?* One theory for the reason that charitable giving is widely practiced in the U.S. is that the broad practice of religion in North America has fostered charitable giving patterns. As Douglas John Hall observed, the lack of an established church in the U.S. required that church members take personal responsibility for the institution.<sup>1</sup> Each generation has had to train the next in order to sustain religious activity. The training process resulted in the promotion of general philanthropic values.

Religion continues to be the seedbed of philanthropic values. The merit of charitable giving and concern for neighbor are taught on a regular basis in houses of worship. Perhaps that is why giving to religion is the largest category in every measurement of charitable giving. Data from the U.S. Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CES) provides demographic analysis that sheds light on this allocation.

Whether the CES data on charitable giving is analyzed in terms of age bracket, region of the U.S., or income categories, religion received the largest portion of income in 2004.

Further, the portion of income given to religion increased as people aged.

For purposes of the present discussion, the giving patterns of the under-25 age group are of particular interest. Individuals in this group gave the lowest amount of any age bracket, that is, 0.8% of their incomes to charity. However, of the portion of their incomes that they gave, they directed 94% to "churches, religious organizations."

In the earliest stages of the practice of philanthropy, religion was the predominant focus, suggesting that the value of giving was taught and encouraged in that venue.

The CES data is discussed further in the Details section of this chapter.

***How Much Do Americans Give? A Comparison of Three Information Sources.***

The question of how much Americans give is not easily answered. Various data sources provide differing pictures of how much people give.

The U.S. Government Bureau of Labor Statistics Consumer Expenditure Survey(CES) is a sophisticated research instrument that affects many aspects of American life. The CES is used to inform the Consumer Price Index which, in turn, is used, among other purposes, to adjust federal tax brackets, Social Security benefits, and military retirement benefits for inflation. The CES refined its charitable giving questions in late 2001, and as a result, 2002 data is consistent with that for 2004.

Table 27 presents CES data for the year 2002.<sup>2</sup> The CES data included the categories of: “Cash contributions to charities and other organizations”; “Cash contributions to church, religious organizations”; “Cash contributions to educational institutions”; and “Gifts to non-CU [Consumer Unit] members of stocks, bonds, and mutual funds.” The annual average expenditure for the four categories in 2002 was \$752.56 per consumer unit. A consumer unit can be defined as an economically interdependent unit. In 2002, there were 112,108,000 consumer units in the United States. When the average annual expenditure amount of \$752.56 was multiplied by the number of consumer units, a 2002 estimate of total charitable giving of \$84.4 billion resulted.

The allocation among the charitable giving categories is also presented in Table 27.

**Table 27: Living Individual Charitable Giving in the United States, Consumer Expenditure Survey, 2002**

	A. All Consumer Units Average Annual Expenditure	B. Column A. Multiplied by 112,108 Consumer Units in 000's: 000's of \$	C. Percent of Total
“Cash contributions to charities and other organizations”	\$137.62	\$15,428,303	18.29%
“Cash contributions to church, religious organizations”	\$557.29	\$62,476,667	74.05%
“Cash contributions to educational institutions”	\$33.42	\$3,746,649	4.44%
“Gifts to non-CU members of stocks, bonds, and mutual funds”	\$24.23	\$2,716,377	3.22%
Total of above four categories: average annual expenditure	\$752.56		
Total		\$84,367,996	100%

Another source of information about charitable giving is found in the U.S. Internal Revenue Service Form 990. The Form 990 series must be filled out by charitable organizations with at least \$25,000 in income, and by foundations. A recent study by the IRS compiled data received by these charitable organizations for 2002.<sup>3</sup>

As can be seen in Table 28, nonprofit charitable organizations in the United States reported on Form 990 that they received \$103 billion in Public Support in 2002, and another \$15 billion from Indirect Public Support. The category of Indirect Public Support includes receipts from parent charitable organizations or groups like the United Way. These two sources of support totaled \$118 billion. Organizations with at least \$25,000 but less than \$100,000 in gross receipts were able to use Form 990-EZ to report receipts of \$1 billion in 2002, for a total of \$119 billion.

A figure of \$19.2 billion was added to the Public Support figure to account for giving in 2002 to private foundations.<sup>4</sup> Private foundations are required to file the

IRS Form 990-PF. The combined total of \$138 billion is the amount that charitable organizations, which completed one of the Form 990 reports, received in 2002.

In order to compare the Form 990 data with the CES estimate of \$84.4 billion in 2002, the Form 990 information was adjusted. For example, the CES data presents charitable giving by living individuals. However, the Form 990 data includes receipts from all donor sources. One recommendation to improve the usefulness of information in the Form 990 is that charitable organizations be required to break out contributions from living individuals on a separate line. In order to obtain a figure for contributions from individuals, estimates for 2002 giving by corporations and foundations, and receipts from bequests,<sup>5</sup> were subtracted from the “Gifts to charities and foundations”

figure of \$138 billion. Giving by Living Individuals was thus estimated to be \$79.6 billion in 2002.

The Form 990 data also includes “other than cash contributions.” Because the CES data measured only cash contributions, the value of noncash contributions was subtracted from the Form 990 data to allow a comparison between the numbers. The IRS estimated that Americans deducted \$34 billion in noncash contributions in

**Table 28: Living Individual Charitable Giving in the United States, Form 990 Series, 2002**

	000's of \$
Form 990	
Public Support	\$102,802,550
Indirect Public Support	\$15,223,713
<b>Total Public Support</b>	<b>\$118,026,263</b>
Form 990-EZ contributions	\$1,095,317
<b>Form 990 and 990-EZ contributions</b>	<b>\$119,121,580</b>
Form 990-PF: Gifts to foundations	\$19,160,000
<b>Gifts to charities and foundations</b>	<b>\$138,281,580</b>
Less gifts from other than Living Individuals	
Giving by Corporations	-\$10,790,000
Giving by Foundations	-\$26,980,000
Giving by Bequests	-\$20,900,000
<b>Giving by Living Individuals</b>	<b>\$79,611,580</b>
Less Individual “other than cash contributions” except for gifts of stocks, bonds, and mutual funds	-\$31,576,748
<b>Living Individuals Giving in cash, stocks, bonds, and mutual funds, not including giving to church</b>	<b>\$48,034,832</b>
Church: Individual Giving other than Religion in Form 990	\$56,229,001
<b>Total Individual Giving in Cash, Cash Equivalents, and Securities</b>	<b>\$104,263,832</b>

Details in the above table may not compute to the numbers shown due to rounding.

2002.<sup>6</sup> The noncash contributions category includes stocks, bonds, and mutual funds. The CES data included a value of \$2.7 billion in contributions of stocks, bonds, and mutual funds. Therefore, the value of the stocks, bonds, and mutual funds reported on the CES was subtracted from the 2002 noncash contributions figure of \$34 billion, resulting in a figure of \$31.6 billion. The \$31.6 billion adjusted value of noncash contributions was then subtracted from the \$79.6 billion figure for Giving by Living Individuals, resulting in a balance of \$48 billion.

To develop an estimate of Form 990 organizational receipts that could be compared with the CES figure of what people gave required one more step. Churches are not required to file Forms 990. The CES estimate, however, included a measure for charitable contributions to churches and religious organizations. The following procedure was followed to develop a number for church giving to be added to the Form 990 Living Individuals contributions figure. The CES figure for 2002 “Cash contributions to church, religious organizations” was \$62.48 billion. It has been estimated by others in the nonprofit field that giving to church represents about 90% of giving to religion.<sup>7</sup> Charitable organizations that combine religion with international or human services activities would be expected to file Forms 990, and therefore be included in the Form 990 Living Individual figure of \$48 billion. Subtracting 10% from the \$62.48 billion figure for “church, religious organizations” resulted in an estimate of \$56.2 billion given to churches in 2002. When the giving to church figure was added to the 2002 Form 990 charitable organization and foundations receipts figure of \$48 billion, Total Individual Giving in Cash and Securities was calculated to be \$104 billion, based on the Form 990 information.

The source of charitable giving information most widely reported in the popular media is from *Giving USA*, a series begun in the 1950s as an industry information compilation by a former vice president for public relations of a major professional fundraising firm.<sup>8</sup> The series has continued and been refined, and is currently prepared on behalf of professional fundraisers by a university-based center on philanthropy. This report is acknowledged as a fundraising tool for those in the profession,<sup>9</sup> and the publication’s most recent estimates of philanthropy are built on the pre-academic measurements in the historical series.

Table 29 presents the development of the *Giving USA* figure to be used in a comparison with the CES and Form 990 data.

In order to compare a *Giving USA* estimate for individual giving in 2002 with the CES data, the \$31.6 billion figure for “other than cash” contributions, developed

for the Form 990 analysis above, also was removed from the *Giving USA* figure. The 2002 *Giving USA* estimate for individual giving in 2002 was \$172.9 billion.<sup>10</sup> When the \$31.6 billion figure for “other than cash” contributions was subtracted from that number, the result was a figure of Total Individual Giving in Cash and Cash equivalents of \$141.3 billion.

**Table 29: Living Individual Charitable Giving in the United States, *Giving USA*, 2002**

Data Year 2002	000's of \$
Giving by Individuals	\$172,870,000
Less Individual “other than cash contributions” except for gifts of stocks, bonds, and mutual funds	-\$31,576,748
Total Individual Giving in Cash, Cash Equivalents, and Securities	\$141,293,252

As can be observed in Table 30, the three sources of information on Total Charitable Giving in the U.S. for 2002 differ by billions of dollars. The CES measurement for Total Individual Contributions in 2002 was calculated to be \$84.4 billion dollars. Data from the Form 990, Form 990-EZ, and Form 990-PF reports filed by recipient organizations, with an estimate of giving to religion added and other-than-cash contributions subtracted, resulted in a calculation of \$104 billion received by nonprofits and foundations in 2002. Meanwhile, a *Giving USA* number for financial giving by living individuals in 2002, with other-than-cash contributions subtracted, was \$141 billion. The adjusted *Giving USA* estimated was 67% larger than the CES figure, and 36%, or \$37 billion, larger than the Form 990 figure.

**Table 30: Living Individual Charitable Giving in the United States, A Comparison of the Consumer Expenditure Survey, Form 990 Series, and Giving USA, 2002**

	U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, (Calculated) 000's of \$	Form 990 Series (Adjusted) 000's of \$	<i>Giving USA</i> (Adjusted) 000's of Dollars
Total Individual Giving in Cash, Cash Equivalents, and Securities, 2002	\$84,367,996	\$104,263,832	\$141,293,252

The CES is a detailed survey carried out on a quarterly basis. The Form 990 reports are completed by charitable organizations and foundations, based on their accounting records. The *Giving USA* series is based largely on deductions taken by Americans on their IRS returns.

A discussion of problems of noncash contributions estimates was presented in some detail in a previous edition in the *State of Church Giving* series.<sup>11</sup> Two comments may be relevant in the present review of the widely different estimates of individual giving presented in Table 30.

Internal Revenue Service Commissioner Mark W. Everson, in written testimony submitted to a Congressional hearing, in a section titled “Over-stated Deductions” wrote that, “A common problem occurs when a taxpayer takes an improper or overstated charitable contribution deduction. This happens most frequently when the donation is of something other than cash or readily marketable securities.”<sup>12</sup> In a *Chronicle of Philanthropy* article, Mr. Everson was quoted as suggesting that noncash deductions may be overstated by as much as \$15 to \$18 billion a year.<sup>13</sup>

Scott Burns, business writer for *The Dallas Morning News* and Universal Press Syndicate columnist, considered the topic of “over-statement” of deductions in a 2006 column. A reader wrote in to say that a consultant had told the reader how he “can claim up to 10 percent of the total income as a write-off without proof or receipts.” The reader wrote that he was pleased to be getting money back from the IRS, instead of paying taxes. He went on, “Our total income for 2005 was \$101,083. My consultant has entered \$9,224 for charities, \$12,253 for job expenses and certain

miscellaneous deductions, and \$3,825 for meals and entertainment. I can tell you, those figures are exaggerated. But is it legal?"

Scott Burns began his reply with the comment, "Excuse me if I sound like a close relative of Goody Two Shoes, but do you really want to be a lying freeloader just because others are?" Burns also noted that, "The IRS has estimated unpaid taxes exceed \$290 billion a year. The Treasury inspector general for tax administration thinks the IRS is low-balling the number." Burns advised the man to keep good records and deduct appropriately.<sup>14</sup>

The exchange in Scott Burns' column highlights some of the difficulties with using deductions from IRS returns as a basis for calculating charitable giving in the U.S.

The results of this comparison of three estimates of individual giving suggest that the area of philanthropy measurement needs quality attention.

***How Much Do Americans Give? Recommendations Improving the Measurements.*** The CES data has become an important source of information on the giving patterns of Americans. The CE survey, by reporting only cash contributions, avoids the problems related to reporting of noncash deductions. It is recommended that the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey be utilized as the unbiased, broad-gauge benchmark of living Americans' aggregate cash giving to charity, until such time as the U.S. IRS makes summary Form 990 living individual giving data available on an annual basis.

With some adjustments, the Form 990 information could also provide a sound basis on which to answer the question of how much Americans give. Three changes in the information requested by the Internal Revenue Service's Form 990 would assist in improving the measurement of philanthropy in the U.S.

***Contributions from Living Donors.*** Theoretically, the most accurate measure of individual giving possible is from receipts by nonprofit organizations via a revised Form 990. This information would lessen the level of error inherent both in individual taxpayer reports to the IRS and in survey data. A policy decision needs to be made that it is important to obtain a sound Form 990 measure of individual giving by living donors.

***Contributions by Source.*** Form 990 does not now, but should, request that organizations provide donation information based on source of contributions.

***Self-Definition of Purpose and Governance Type.*** Form 990 needs to be changed so that reporting, recipient organizations define themselves through the use of a numerical system based on a standard classification such as the National Taxonomy of Exempt Entities. Currently, Form 990 does not provide an organization with the opportunity to define its primary activities from a numbered list of options. In contrast, government forms provide this opportunity to businesses.

Another change in Form 990 would be the implementation of a self-definition category describing the governance of the organization as either faith-based or secular. Currently, no such self-description is systematically requested. The result, in some measures of charitable giving, is the undercounting of the role of religion in the

philanthropic sector, and consequently, in American society as a whole. An organization that is faith-based and provides, for example, human services should be offered the choice of being categorized as “human services” without the religious component being ignored.

The Urban Institute’s National Center for Charitable Statistics has worked with the U.S. Internal Revenue Service to categorize nonprofit organizations that return Form 990. Further refinements could help to classify organizations using nationally accepted standards.

In 1993, the National Center for Charitable Statistics was housed at Independent Sector. Virginia Hodgkinson authored a report calling for “a check-off list for charities based on the categories developed by Independent Sector for the National Taxonomy of Exempt Entities, an effort to classify all non-profit organizations registered with the IRS.”<sup>15</sup> More specifically, the report recommended, “The Form 990 should be revised to allow for institutions of various functions to report their major purposes and programs, taking into account systems already in place to define such institutions.”<sup>16</sup>

A precedent for this type of information gathering is Schedule C (Form 1040) that is used to report “Profit or Loss from Business (Sole Proprietorship).” This form requires a reporting business to select a category from the “Principal Business or Professional Activity Codes” that best describes the business. In the year 2000, the codes provided 300 activities under 19 general categories.<sup>17</sup>

The National Taxonomy for Exempt Entities contains ten core categories from which a nonprofit organization could select, in order to identify its main activity.

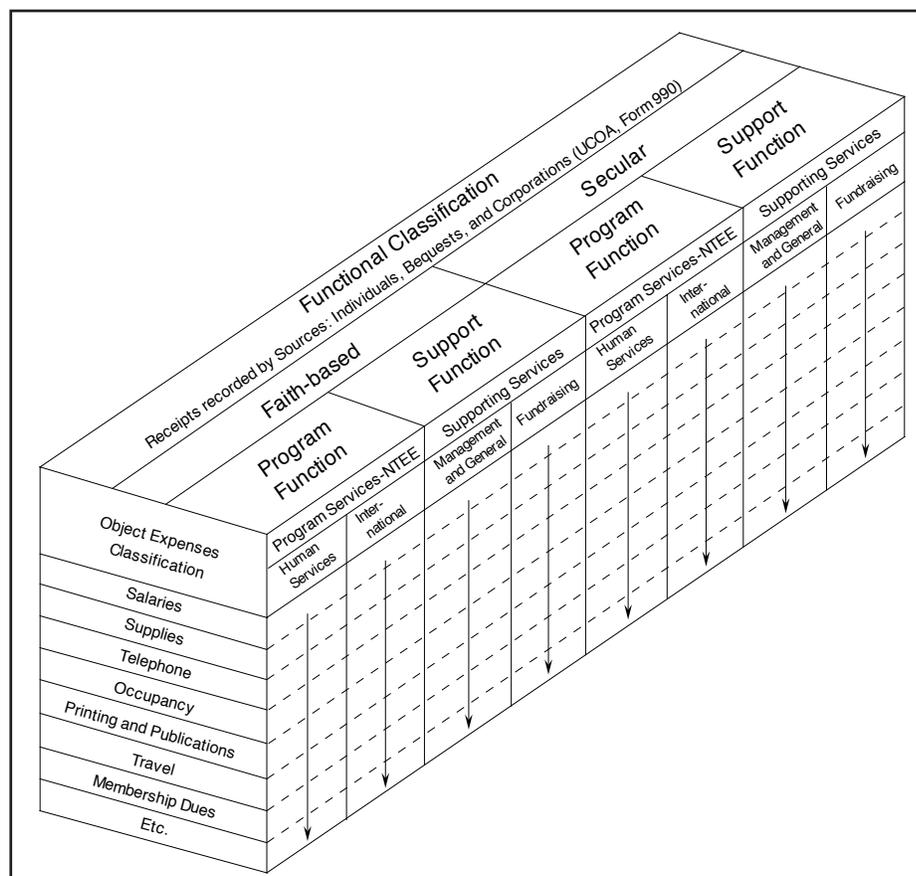
An important further refinement would provide a more complete picture of philanthropy in America. Before selecting one of the ten core categories, the nonprofit organization would first indicate its form of governance as either “faith-based” or “secular.” This identification could provide valuable information to help clarify the role of religion in the area of giving. Form 990 could also require that the organization define itself, first by selecting either faith-based or secular as the category of governance, and then the specific activity described by one or more of the NTEE core codes.

The importance of being able to classify giving by both faith-based or secular categories, as well as by specific activity codes can be seen from an observation in *Giving USA 1990*’s discussion of “Giving to Religion.” That issue of *Giving USA*, edited by Nathan Weber, noted, “Further, among many religious groups, giving to religion is considered identical with giving to human services, health care, etc., when such services are administered by organizations founded by the religious groups” (p. 187). An analysis of the CE survey data for 2004 found that donors identified 71% of their charitable donations as given to churches and religious organizations.

In their book on the Unified Chart of Accounts, Russy D. Sumariwalla and Wilson C. Levis reproduced a graphic originally prepared by United Way of America that depicts how the account classification would appear in practical application.<sup>18</sup> For purposes of the present discussion, that graphic was adapted to include a statement

about receipts classification, and to describe at what point the choice of faith-based or secular governance would be included in the accounting hierarchy (see Figure 17).

**Figure 17: Account Classification Application with Faith-based/Secular Governance Option Included**



Source: Adaptation of graphic in Sumariwalla and Levis

empty tomb graphic 2001

Chapter 7 of *The State of Church Giving through 2003* offered several other recommendations for improving the measurement of philanthropy in the United States.<sup>19</sup> Among these recommendations were:

- Publish annually, through the Internal Revenue Service, aggregate Form 990 data to provide a basis for estimating charitable giving by Americans.
- Change the Urban Institute’s Unified Chart of Accounts to account for donations by living individuals.
- Do not include donations from private donations in estimates of charitable “giving,” since private foundations themselves are charitable institutions receiving donations from individuals.
- Establish a Commission on Private Philanthropy and Public Needs.
- Develop a journal of philanthropy measurement, that includes peer-reviewed articles.

- Elevate the study of the nonprofit sector within the national Bureau of Economic Research to a standing program.
- Fund the improved study of the nonprofit sector with either the foundation excise tax levied on foundations by the U.S. Government, or through pooled funds from foundations to establish a “Foundation Research Service,” similar to the Congressional Research Service.

***How Much Do Americans Give? Associated Press Reports Do Not Present Changes in Income and Population.*** The media has consistently reported the *Giving USA* figure to the American public as the definitive estimate of charitable giving. The Associated Press article that appears each summer on the release of the new *Giving USA* report reflects the *Giving USA* press release focus on the aggregate billions of dollars raised, and the percentage increase in those aggregate billions of dollars from the previous year.

The American people have a right to know how their charitable giving patterns are changing from year to year. The measure that validly conveys that information is the category of individual giving adjusted by changes in population and income.

As illustrated in earlier chapters in this volume, church giving appears differently when considered in aggregate form, and when giving is considered per member and as a portion of a after-tax income. Data from the *Editor & Publisher International Year Book*, included in the *Statistical Abstract of the United States: 2004-2005*,<sup>20</sup> provides a comparison from a different arena that demonstrates the value of adjusting data for changes in population. Newspaper circulation figures are available that are aggregated without regard to changes in population, and that have been adjusted for changes in population. The first data row of Table 31 shows that aggregate total daily newspaper circulation, unadjusted for concomitant changes in United States population, grew steadily at ten-year intervals over the 1970-1990 period and then declined in 2000. Conversely, the second row shows that total daily newspaper circulation, adjusted for U.S. population, declined each decade over the 1970-2000 period.

**Table 31: Daily Total Newspaper Circulation in the United States, Aggregate and Per Capita, by Decade for 1970-2000**

Type	1970	1980	1990	2000
Circulation (millions)	62.1	62.2	62.3	55.8
Per Capita Circulation	0.3	0.27	0.25	0.2

Source: Editor & Publisher Co., New York, NY, *Editor & Publisher International Year Book*, annual (copyright), in the *Statistical Abstract of the United States: 2004-2005*

From the data in Table 31, it can be seen that per capita newspaper circulation in the United States that had been adjusted for U.S. population served as a de facto leading indicator, over some 20 years, for the subsequent decline in aggregate newspaper circulation that took place rather steadily after 1990.

The decline in aggregate newspaper circulation, affected by major technological shifts, may not have been preventable, even with the insights provided by the early warning system of per capita newspaper circulation. It is, nevertheless, quite possible

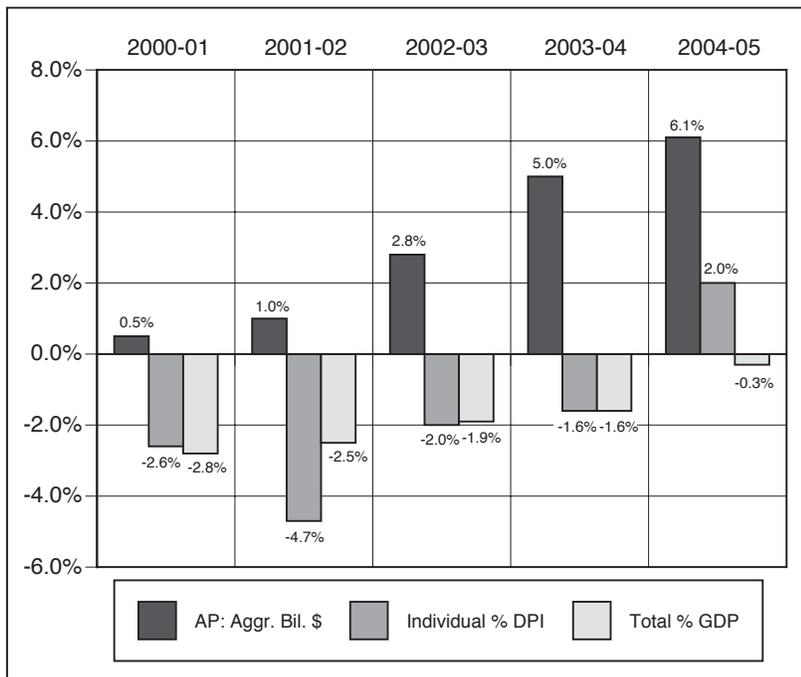
that mass communication of news about any declines in Americans' charitable giving levels, adjusted for the combined effect of the underlying changes in population and income, would indeed be important information as Americans consider reversing negative giving trends in ways that make a useful contribution to American culture.

Analysis of giving trends in terms of population and income might also make a contribution to American culture. In contrast, an analysis of AP reporting of *Giving USA* releases for the past five years found that in each year, the lead emphasis in the AP article released nationally and internationally was essentially the same as in the *Giving USA* press release. That is, the article lead emphasized the increase in aggregate billions of dollars raised. Yet, in four of the years analyzed, when a basic adjustment for changes in U.S. population and income were made to the *Giving USA* aggregate numbers, both individual giving as a percent of income and giving as a percent of U.S. Gross Domestic Product declined rather than increased.

*Table and Chart regarding the Disparity between Associated Press Reports on Aggregate Charitable Giving Levels, and Giving Adjusted for Population and Income.* As pointed out above, the Associated Press charitable giving articles' lead routinely emphasizes the upbeat tone of the *Giving USA* press releases in terms of aggregate billions of dollars raised, unadjusted for population and income. This pattern of disparity between AP reports on aggregate billions of dollars raised, and the complete picture of changes in charitable giving patterns, can be observed in Table 32.

Figure 18 illustrates the disparity in the category of percent changes in aggregate charitable giving reported by the AP and the two categories of charitable giving as a percent of either per capita Disposable Personal Income (DPI), or Gross Domestic Product (GDP).

**Figure 18: Associated Press Reported Aggregate Changes, Americans' Individual Giving Changes as a Percent of Disposable Personal Income, and Total Giving Changes as a Percent of Gross Domestic Product, 2000-2005, from Previous Year's Base: Data from *Giving USA* 2002, 2003, 2004, 2005, and 2006 Editions**



Source: Associated Press; *Giving USA* data; U.S. BEA data; empty tomb analysis

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Why and How Much Do Americans Give?

In 2002, 2003, 2004, 2005, and 2006, the AP lead emphasized the aggregate billions of dollars raised, as promoted in the related AAFRC *Giving USA* press release. However, in four of the years, the available *Giving USA* data actually declined from one year to the next, when considered as a percent of either Disposable Personal Income or Gross National Product. In all years, the *Giving USA* data, unadjusted for

**Table 32: Associated Press Reported Aggregate Changes, Americans' Individual Giving Changes as Percent of Disposable Personal Income, and Total Giving Changes as Percent of Gross Domestic Product, 2000-2005, from Prior Year's Base: Giving Data from *Giving USA* 2002, 2003, 2004, 2005, and 2006 Editions**

<i>Giving USA</i> Edition	<i>Giving USA</i> Data Interval	AP: First Percent Change from Previous Year Listed in AP Story: Aggregate Bil. \$ <sup>21</sup>	Per Capita Individual Giving as % of Per Capita DPI: % Change from Base Year <sup>22</sup>	Total Giving as % of Gross Domestic Product: % Change from Base Year <sup>23</sup>	AP Headline and AP First Mention of Percent Change	AP Byline and AP Dateline
2002	2000-01	0.5%	-2.6%	-2.8%	"2001 Charitable Giving Same As 2000" "Total giving by individuals, corporations and other groups amounted to \$212 billion, up 0.5 percent from 2000 before inflation is figured in"	Helena Payne, New York
2003	2001-02	1.0%	-4.7%	-2.5%	"Donations Held Steady in 2002" "Giving rose 1 percent last year to \$240.92 billion from \$238.46 billion in 2001"	Mark Jewell, Indianapolis
2004	2002-03	2.8%	-2.0%	-1.9%	"Charitable Giving Rises in 2003" "the survey showed a 2.8 percent increase over 2002, when giving amounted to \$234.1 billion"	Kendra Locke, New York
2005	2003-04	5.0%	-1.6%	-1.6%	"Charitable Giving Among Americans Rises" "Americans increased donations to charity by 5 percent in 2004"	Adam Geller, New York
2006	2004-05	6.1%	2.0%	-0.3%	"Charitable giving in U.S. nears record set at end of tech boom" "The report released Monday by the Giving USA foundation estimates that in 2005 Americans gave \$260.28 billion, a rise of 6.1 percent..."	Vinnee Tong, New York

population and income, was considerably higher than when adjusted for changes in population and income.

The observation may be made that the Associated Press chooses to highlight an industry's interpretation of its own work in an uncritical fashion that omits essential elements of the whole truth. Perhaps the Associated Press regards the annual news about Americans' giving patterns more on the level of society galas than as a vital indicator of the social fabric and a major sector of the U.S. economy.

Two Associated Press reporters in two different AP bureaus were asked, in telephone conversations, why the AP stories reflect the *Giving USA* press release focus on aggregate billions of dollars so closely rather than adjusting for changes in population and income. The response each time was that the AP has to report what they are told by the source, in this case, the *Giving USA* office. The result is that each year AP reporters tweak the industry promotional press release, which is then widely distributed both nationally and internationally.

In this post-Enron era, hindsight has determined that the media's lack of critical reporting was a factor in the ability of Enron's leadership to mislead employees and investors, with disastrous results. It is disconcerting that AP business writers express a similar willingness to publicize a trade organization's estimates, emphasizing the percent change in aggregate billions of dollars as the lead, rather than the levels adjusted for changes in population and income. This annually repeated action on the part of AP raises what might be described as an ethical issue about the media's responsibility to inform the public accurately. Specifically,

- (1) if, as is found in every measurement of philanthropy, religion is the single largest category; and
- (2) if, as is indicated in the Consumer Expenditure Survey, religion is the category with the greatest impact on philanthropic values in the young; and,
- (3) if, as outlined in earlier chapters of this volume, the level of church giving as a portion of income, particularly Benevolences, has been declining over decades; and,
- (4) if *Giving USA* data, when adjusted for population and income also shows a decline:

then what ethical responsibility does AP have to inform Americans about giving patterns in a way that takes population and income changes into account, rather than leading its reports each year with the industry's promotional announcement of aggregate billions of dollars? Certainly AP's continued lack of critical reporting on this topic raises questions about the confidence that can be placed in the information being disseminated to the American public regarding charitable giving, and in light of Enron and other major corporate scandals, perhaps in other areas as well.

***Annual Report Card on the Measurement of Philanthropy.*** As one step toward improving measurement of philanthropy reports, an evaluation scale of those involved with measuring philanthropy was designed to provide an overview of the current situation. The fourth annual Report Card on the Measurement of Philanthropy evaluated twelve national entities involved in one or more aspects of the dissemination and measurement of charitable giving information.<sup>24</sup>

The Report Card was developed insofar as, over the years, there were numerous, shifting components of philanthropy measurement. During the period in which these factors were pulled together, articulated and commented upon via the Report card

device, the issues became more focused. That is, it became increasingly apparent that the for-profit fundraising industry — with its well-developed access to the media, most importantly, The Associated Press — was quite systematic, through its annual *Giving USA* Foreword and press releases, in publicizing annual percentage changes in its measure of Total Giving that were not adjusted for population and income. The annual change in aggregate giving, unadjusted for population and income, presented in industry press release headlines, and mirrored in Associated Press headlines and first mention of percentage changes, has been the primary and largest distortion of measures of Americans’ generosity. Thus, the detail addressed in the Report Card was not deemed commensurate with the need to address the major source of Americans’ perception of their level of generosity.

***How Much Do Americans Give?  
An Estimate of Aggregate Giving to Religion, 1968-2004.***

An estimate of Americans’ giving to religion has been calculated for the 1968 to 2004 period. This estimate employed a 1974 benchmark estimate of \$11.7 billion for giving to religion provided by the watershed Commission on Private Philanthropy and Public Needs of the 1970s, commonly referred to as the Filer Commission.<sup>25</sup>

The amount of change from year to year, calculated for 1968 to 1973 and also 1975 to 2004, was the annual percent change in the composite denomination set analyzed in other chapters of this report.<sup>26</sup> This calculation yielded a total of \$8.01 billion given to religion in 1968, and \$67.2 billion in 2004. Table 33 presents this data both in aggregate form, and as adjusted for population and income.

**Table 33: Giving to Religion, Based on the Commission on Private Philanthropy and Public Needs (Filer Commission) Benchmark Data for the Year of 1974, and Annual Changes in the Composite Denomination-Based Series, 1968-2004, Aggregate Billions of Dollars and Per Capita Dollars as Percent of Disposable Personal Income**

Year	Denomination-Based Series Keyed to 1974 Filer Estimate	
	Billions Dollars	Per Capita Dollars as % of Disposable Personal Income
1968	8.01	1.28%
1969	8.33	1.24%
1970	8.67	1.18%
1971	9.13	1.14%
1972	9.78	1.13%
1973	10.69	1.09%
1974	11.70	1.09%
1975	12.74	1.07%
1976	13.87	1.06%
1977	15.02	1.05%
1978	16.41	1.02%
1979	18.15	1.01%
1980	20.08	1.00%
1981	22.14	0.99%
1982	24.00	0.99%
1983	25.61	0.98%
1984	27.71	0.95%
1985	29.40	0.95%
1986	31.09	0.95%
1987	32.42	0.94%
1988	33.68	0.90%
1989	35.46	0.88%
1990	36.98	0.86%
1991	38.37	0.86%
1992	39.43	0.83%
1993	40.50	0.82%
1994	43.37	0.84%
1995	44.19	0.82%
1996	47.70	0.84%
1997	49.42	0.83%
1998	52.28	0.82%
1999	55.10	0.82%
2000	59.36	0.83%
2001	61.89	0.83%
2002	64.00	0.82%
2003	64.79	0.79%
2004	67.20	0.78%

Source: empty tomb, inc. analysis; Commission on Private Philanthropy and Public Needs; YACC, adjusted series; U.S. BEA

## Details of Why and How Much Americans Give

The U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure (CE) survey provides a benchmark measure of Americans' charitable cash contributions. The CE survey provides the U.S. Government data designed to measure Americans' charitable contributions. An analysis of this data found that Americans gave \$92.29 billion in cash contributions to charitable causes in 2004, the latest year for which data was available.

This final data total, which was aggregated, conflated, and analyzed by empty tomb, inc., includes the CE survey categories of "Cash contributions to: charities and other organizations; church, religious organizations; and educational institutions."<sup>27</sup> An analysis of the CE survey data resulted in the finding that Americans contributed 71% of their charitable contributions to "church, religious organizations" in 2004.

Further detail regarding this analysis of U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey charitable giving data is presented in Table 34.<sup>28</sup>

**Table 34: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2004 Cash Contributions: Americans' Charitable Giving (Aggregated)**

Item	Average Annual Expenditures x Number of Consumer Units (billions \$)	Item as % of Total
<b>Annual Expenditures</b>		
<b>Cash Contributions</b>		
Cash contributions to:		
charities and other organizations	\$18.32	20%
church, religious organizations	65.71	71%
educational institutions	5.36	6%
Gifts to non-CU members of stocks, bonds, and mutual funds	2.90	3%
<b>Total</b>	<b>\$92.29</b>	<b>100%</b>

Details in the above table may not compute to the numbers shown due to rounding.

Source: empty tomb, inc. 2006 analysis of U.S. Bureau of Labor Statistics CE Survey, 2004

### Cash Contributions by Income Level, 2004

The CE survey measured Americans' cash contributions to charitable causes by income levels, as displayed in Tables 35 and 36.<sup>29</sup>

An analysis was conducted for twelve income levels, ranging from "\$5,000 to \$9,999" up to both "\$120,000 to \$149,999" and the highest category of "\$150,000 and more," with the average "Income after taxes" for the income levels ranging from \$7,800 to \$124,273, and \$212,610, respectively.<sup>30</sup>

It may be observed that 2004 giving as a percent of income after taxes to "church, religious organizations" was higher in each of the twelve income levels, than to

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**Table 35: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2004 Cash Contributions by Income Level**

Item	All consumer units	\$5,000 to \$9,999	\$10,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999
Number of consumer units (in thousands)	116,282	7,218	8,950	8,177	14,172	13,125	11,374	18,069
Consumer unit characteristics: Income after taxes	\$52,287	\$7,800	\$12,619	\$17,480	\$24,298	\$34,199	\$43,689	\$57,122
<b>Average Annual Expenditures</b>								
<b>Cash Contributions</b>								
Cash contributions to:								
charities and other organizations	\$157.51	\$14.98	\$26.95	\$39.28	\$62.94	\$59.09	\$63.00	\$105.38
church, religious organizations	565.11	112.52	222.35	287.67	324.53	384.81	466.91	641.64
educational institutions	46.06	0.93	1.79	11.29	7.36	10.26	11.41	9.10
Gifts to non-CU members of stocks, bonds, and mutual funds	24.97	0.15	36.11	4.70	1.72	14.96	70.78	31.24
Total (calculated)	\$793.65	\$128.58	\$287.20	\$342.94	\$396.55	\$469.12	\$612.10	\$787.36
<b>Calculated:</b>								
<b>% of Income after Taxes</b>								
Cash contributions to:								
charities and other organizations	0.30%	0.19%	0.21%	0.22%	0.26%	0.17%	0.14%	0.18%
church, religious organizations	1.08%	1.44%	1.76%	1.65%	1.34%	1.13%	1.07%	1.12%
educational institutions	0.09%	0.01%	0.01%	0.06%	0.03%	0.03%	0.03%	0.02%
Gifts to non-CU members of stocks, bonds, and mutual funds	0.05%	0.00%	0.29%	0.03%	0.01%	0.04%	0.16%	0.05%
Total	1.5%	1.6%	2.3%	2.0%	1.6%	1.4%	1.4%	1.4%

Details in the above table may not compute to the numbers shown due to rounding.  
Source: empty tomb, inc. 2006 analysis of U.S. Bureau of Labor Statistics CE Survey, 2004

**Table 36: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2004 Cash Contributions by Higher Income Level**

Item	All consumer units	\$70,000 to \$79,999	\$80,000 to \$99,999	\$100,000 to \$119,999	\$120,000 to \$149,999	\$150,000 and more
Number of consumer units (in thousands)	116,282	6,461	9,246	5,625	4,245	5,067
Consumer unit characteristics: Income after taxes	\$52,287	\$72,236	\$84,884	\$103,801	\$124,273	\$212,610
<b>Average Annual Expenditures</b>						
<b>Cash Contributions</b>						
Cash contributions to:						
charities and other organizations	\$157.51	\$156.40	\$163.40	\$258.90	\$330.10	\$1,553.19
church, religious organizations	565.11	695.64	919.20	1,130.03	1,090.94	1,874.75
educational institutions	46.06	29.73	42.43	62.05	103.97	654.62
Gifts to non-CU members of stocks, bonds, and mutual funds	24.97	15.60	19.40	54.01	22.95	53.25
Total (calculated)	\$793.65	\$897.37	\$1,144.43	\$1,504.99	\$1,547.96	\$4,135.81
<b>Calculated</b>						
<b>% of Income after Taxes</b>						
Cash contributions to:						
charities and other organizations	0.30%	0.22%	0.19%	0.25%	0.27%	0.73%
church, religious organizations	1.08%	0.96%	1.08%	1.09%	0.88%	0.88%
educational institutions	0.09%	0.04%	0.05%	0.06%	0.08%	0.31%
Gifts to non-CU members of stocks, bonds, and mutual funds	0.05%	0.02%	0.02%	0.05%	0.02%	0.03%
Total	1.5%	1.2%	1.3%	1.4%	1.2%	1.9%

Details in the above table may not compute to the numbers shown due to rounding.  
Source: empty tomb, inc. 2006 analysis of U.S. Bureau of Labor Statistics CE Survey, 2004

either “charities and other organizations,” “educational institutions,” or “Gifts to non-CU members of stocks, bonds, and mutual funds.” It was also noted that, with the exception of the “\$150,000 and more” income level, giving as a percent of income after taxes to “church, religious organizations” was higher than to “charities and other organizations,” and “educational institutions” combined in each of the other income brackets.

The distribution among contribution categories was compared between the highest two income brackets. The second highest bracket was also compared to all consumer units. The highest two income brackets were “\$150,000 and more” and “\$120,000 to \$149,999,” which had an average income after taxes of \$212,610 and \$124,273, respectively. Consumer units in the highest two income brackets each contributed 0.88% of their income to “church, religious organizations.” However, those in the highest bracket also gave 0.73% and 0.31% of their income to “charities and other organizations,” and “educational institutions,” respectively, while those in the second highest “\$120,000 to \$149,999” bracket gave 0.27% and 0.08% of their income to “charities and other organizations,” and “educational institutions,” respectively. The giving pattern of this second highest bracket was compared to that of all consumer units. This comparison found that while all consumer unit giving to “church, religious organizations” was at the 1.08% level, somewhat higher than the 0.88% level of those in the “\$120,000 to \$149,999” bracket, all consumer unit giving of 0.30% to “charities and other organizations,” and 0.09% to “educational institutions,” was less dissimilar to that of the respective 0.27% and 0.08% giving levels of those in the “\$120,000 to \$149,999” bracket.

One analysis that may be of interest is a comparison of cash contributions among different income brackets.

However, it should be noted that CE survey lower income brackets, which for purposes of this analysis ranged from \$5,000 through \$29,999, reported higher expenses than income. The CE survey observes:

Data users may notice that average annual expenditures presented in the income tables sometimes exceed income before taxes for the lower income groups. The primary reason for that is believed to be the underreporting of income by respondents, a problem common to most household surveys...

There are other reasons why expenditures exceed income for the lower income groups. Consumer units whose members experience a spell of unemployment may draw on their savings to maintain their expenditures. Self-employed consumers may experience business losses that result in low or even negative incomes, but are able to maintain their expenditures by borrowing or relying on savings. Students may get by on loans while they are in school, and retirees may rely on savings and investments.<sup>31</sup>

To the extent that income is proportionately underreported across all income levels, but is more evident in lower income brackets, then comparisons across income brackets may be informative on an exploratory basis.

In light of this caveat, it may be observed that consumer units in the “\$10,000 to \$14,999” and “\$15,000 to \$19,999” income brackets reported a higher portion of after-tax income, charitable cash contributions than did those in other income brackets.

Those in the \$150,000 and more bracket gave the next highest portion of after-tax income to cash contributions.

### Cash Contributions by Age, 2004

The CE survey also measured Americans' cash contributions to charitable causes by age of contributor.<sup>32</sup> Table 37 presents the data in tabular form.

**Table 37: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2004 Cash Contributions by Age**

Item	All consumer units	Under 25 years	25-34 years	35-44 years	45-54 years	55-64 years	65-74 years	75 years and older
Number of consumer units (in thousands)	116,282	8,817	19,439	24,070	23,712	17,479	11,230	11,536
Consumer unit characteristics:								
Income after taxes	\$52,287	\$22,507	\$50,819	\$63,202	\$66,761	\$58,043	\$41,126	\$27,142
<b>Average Annual Expenditures</b>								
<b>Cash Contributions</b>								
Cash contributions to:								
charities and other organizations	\$157.51	\$11.84	\$52.22	\$95.71	\$142.09	\$216.48	\$505.49	\$178.80
church, religious organizations	565.11	168.68	392.32	500.27	661.78	728.31	773.73	645.52
educational institutions	46.06	1.27	12.80	43.26	32.76	35.99	184.19	50.30
Gifts to non-CU members of stocks, bonds, and mutual funds	24.97	*	12.80	23.78	11.94	50.08	26.71	54.12
<b>Total (calculated)</b>	<b>\$793.65</b>	<b>\$181.79</b>	<b>\$470.14</b>	<b>\$663.02</b>	<b>\$848.57</b>	<b>\$1,030.86</b>	<b>\$1,490.12</b>	<b>\$928.74</b>
<b>Calculated % of Income after Taxes</b>								
Cash contributions to:								
charities and other organizations	0.30%	0.05%	0.10%	0.15%	0.21%	0.37%	1.23%	0.66%
church, religious organizations	1.08%	0.75%	0.77%	0.79%	0.99%	1.25%	1.88%	2.38%
educational institutions	0.09%	0.01%	0.03%	0.07%	0.05%	0.06%	0.45%	0.19%
Gifts to non-CU members of stocks, bonds, and mutual funds	0.05%	*	0.03%	0.04%	0.02%	0.09%	0.06%	0.20%
<b>Total</b>	<b>1.5%</b>	<b>0.8%</b>	<b>0.9%</b>	<b>1.0%</b>	<b>1.3%</b>	<b>1.8%</b>	<b>3.6%</b>	<b>3.4%</b>

Details in the above table may not compute to the numbers shown due to rounding.

Source: empty tomb, inc. 2006 analysis of U.S. Bureau of Labor Statistics CE Survey, 2004

\* No data reported.

The seven age categories under consideration started with the “Under 25 years” grouping, proceeded with “25-34 years” as the first of five 10-year periods, and culminated with the “75 years and older” cohort.

It was interesting to note that 2004 giving as a percent of income after taxes to “church, religious organizations” increased concomitantly with each advancing age category, starting at 0.75% at “Under 25 years,” growing slowly up through “35-44” years, and then increasing noticeably in the remaining four periods to peak at 2.38% in the last “75 years and older” category. This contrasts with the contributions to “charities and other organizations” and “educational institutions” which peaked at the earlier “65-74 years” level. It may also be observed that giving to “church, religious organizations” and “charities and other organizations” increased in each age grouping up to their respective peak age period. In comparison, giving to education varied comparatively unevenly across age groupings. It was also noted that “Gifts to non-CU members of stocks, bonds, and mutual funds” reached its high point of 0.20% of income after taxes in the final “75 years and older” period. Transfers

during each of the previous discrete periods for this latter category were below one tenth of a percent of income after taxes.

The fact that, for the first age period of “Under 25 years,” giving as a percent of income after taxes to the “church, religious organizations” category was considerably higher at 0.75% than to both “charities and other organizations” at 0.05%, and “educational institutions” at 0.01%, provides support for the view that religion serves as the seedbed of philanthropic giving in America.

The age brackets in which charitable giving as a portion of income was highest were the 65-74 years cohort, and the 75 years and older cohort. One factor that all age brackets had in common was that giving as a portion of income to “church, religious organizations” was the largest category. Further, giving to “church, religious organizations” as a portion of income was greater than the sum of the other two categories, namely, “charities and other organizations” plus “educational institutions,” for each of the seven age brackets.

### **Cash Contributions by Region, 2004**

In addition, as shown in Table 38, the CE survey also measured Americans’ cash contributions to charitable causes by region.<sup>33</sup>

The four region categories for which information was presented in the CE survey data were Northeast, Midwest, South, and West. Regional charitable giving data and regional income figures were available.

Analysis of the 2004 data showed that contributions to charitable causes were highest in the Midwest at 2.0% of income after taxes, followed by the South and West at 1.6% each, and lowest in the Northeast at 0.9%. Contributions to “church, religious organizations” were higher than to the total of contributions to “charities and other organizations” and “educational institutions” in each of the four regions.

The question may be asked whether regional differences in expenditures on seven major spending categories influence or limit charitable giving levels in those regions. Table 39 presents expenditures data by region of residence.

It was instructive to note that an initial exploration of the variation of contributions to charitable causes by region found that such variation by region did not seem to be a function of major category expenditures by region in comparison to income differentials.

The U.S. Bureau of Labor Statistics “Consumer Expenditures in 2004” noted that the “major components of spending—food, housing, apparel and services, transportation, healthcare, entertainment, and personal insurance and pensions—account for about 90 percent of total expenditures...” As the report also observed, “Factors such as income, age of family members, geographic location, and personal preference also influence expenditures.”<sup>34</sup>

CE survey data for 2004 was examined for the aforementioned seven major expenditure categories. This inquiry resulted in the finding that the sum of the average annual expenditures for the seven major components, divided by income after taxes, for the Northeast, Midwest, South, and West, was 71%, 75%, 72%, and 81%, respectively. The major expenditure levels of \$41,397, \$38,376, \$35,500, and \$42,947 for the Northeast, Midwest, South, and West, compared with income after taxes of \$58,673, \$51,122, \$49,079, and \$53,222, respectively. Thus, it may be observed that the Northeast region had both the lowest level of major expenditures

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**Table 38: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2004 Cash Contributions by Region of Residence**

Item	All consumer units	Northeast	Midwest	South	West
Number of consumer units (in thousands)	116,282	22,051	26,539	41,801	25,891
Consumer unit characteristics: Income after taxes	\$52,287	\$58,673	\$51,122	\$49,079	\$53,222
<b>Average Annual Expenditures Cash Contributions</b>					
Cash contributions to: charities and other organizations	\$157.51	\$156.75	\$279.00	\$90.64	\$141.58
church, religious organizations	565.11	293.21	618.65	634.10	630.43
educational institutions	46.06	45.46	87.71	26.74	35.06
Gifts to non-CU members of stocks, bonds, and mutual funds	24.97	14.24	27.47	17.84	43.09
<b>Total (calculated)</b>	<b>\$793.65</b>	<b>\$509.66</b>	<b>\$1,012.83</b>	<b>\$769.32</b>	<b>\$850.16</b>
<b>Calculated % of Income after Taxes</b>					
Cash contributions to: charities and other organizations	0.30%	0.27%	0.55%	0.18%	0.27%
church, religious organizations	1.08%	0.50%	1.21%	1.29%	1.18%
educational institutions	0.09%	0.08%	0.17%	0.05%	0.07%
Gifts to non-CU members of stocks, bonds, and mutual funds	0.05%	0.02%	0.05%	0.04%	0.08%
<b>Total</b>	<b>1.5%</b>	<b>0.9%</b>	<b>2.0%</b>	<b>1.6%</b>	<b>1.6%</b>

Details in the above table may not compute to the numbers shown due to rounding.

Source: empty tomb, inc. 2006 analysis of U.S. Bureau of Labor Statistics CE Survey, 2004

**Table 39: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2004 Major Category Expenditures by Region of Residence**

Item	All consumer units	Northeast	Midwest	South	West
Number of consumer units (in thousands)	116,282	22,051	26,539	41,801	25,891
Consumer unit characteristics: Income after taxes	\$52,287	\$58,673	\$51,122	\$49,079	\$53,222
<b>Average Annual Expenditures Seven Major Categories</b>					
Food	\$5,780.82	\$6,367.80	\$5,592.21	\$5,318.35	\$6,224.12
Housing	13,918.48	15,733.70	13,438.35	12,250.19	15,556.56
Apparel and services	1,815.95	2,176.24	1,672.35	1,643.03	1,936.07
Transportation	7,801.38	7,621.85	7,709.79	7,232.79	8,965.53
Health care	2,574.21	2,370.58	2,860.96	2,508.50	2,560.28
Entertainment	2,218.47	2,016.89	2,208.13	2,133.86	2,538.26
Personal insurance and pensions	4,823.20	5,110.28	4,894.70	4,413.71	5,166.51
<b>Total (calculated)</b>	<b>\$38,932.51</b>	<b>\$41,397.34</b>	<b>\$38,376.49</b>	<b>\$35,500.43</b>	<b>\$42,947.33</b>
<b>Calculated: Average Annual Expenditures Seven Major Categories % Income after Taxes</b>	<b>74%</b>	<b>71%</b>	<b>75%</b>	<b>72%</b>	<b>81%</b>

Details in the above table may not compute to the numbers shown due to rounding.

Source: empty tomb, inc. 2006 analysis of U.S. Bureau of Labor Statistics CE Survey, 2004

as a percentage of income after taxes at 71% as well as, at 0.9%, the lowest level of contributions to charitable causes as a percentage of income after taxes. The West, with the highest level, 81%, of major expenditures as a percentage of income after taxes, had the same level, 1.6%, of contributions to charitable causes as a percentage of income after taxes, as the South, which, at 72%, had a level of major expenditures as a percentage of income after taxes similar to that of the Northeast. The Midwest, which, at 2.0%, had the highest level of contributions to charitable causes as a percentage of income after taxes, had a slightly above average ratio, that is, 75%, of major expenditure levels to income after taxes.

It was also noted that the Midwest, which was the highest of the four regions in contributions as a percent of income after taxes to charitable causes overall at 2.0%, was also highest to “charities and other organizations” at 0.55%, and to “educational institutions” at 0.17%, and, at 1.21%, second to the South, which registered 1.29%, in giving to the “church, religious organizations” category.

### **General Information regarding the Consumer Expenditure Survey**

One benefit of the CE survey is its unbiased data. The Mission Statement of the U.S. Department of Labor, Bureau of Labor Statistics reads:

The **Bureau of Labor Statistics (BLS)** is the principal fact-finding agency for the Federal Government in the broad field of labor economics and statistics. The BLS is an independent national statistical agency that collects, processes, analyzes, and disseminates essential statistical data to the American public, the U.S. Congress, other Federal agencies, State and local governments, business, and labor. The BLS also serves as a statistical resource to the Department of Labor.

BLS data must satisfy a number of criteria, including relevance to current social and economic issues, timeliness in reflecting today’s rapidly changing economic conditions, accuracy and consistently high statistical quality, and impartiality in both subject matter and presentation.<sup>35</sup>

The BLS, among its various activities, is the source for the following indexes:

**Producer price index (PPI)**—This index, dating from 1890, is the oldest continuous statistical series published by BLS. It is designed to measure average changes in prices received by producers of all commodities, at all stages of processing, produced in the United States...

**Consumer price indexes (CPI)**—The CPI is a measure of the average change in prices over time in a “market basket” of goods and services purchased either by urban wage earners and clerical workers or by all urban consumers. In 1919, BLS began to publish complete indexes at semiannual intervals, using a weighting structure based on data collected in the expenditure survey of wage-earner and clerical-worker families in 1917-19 (BLS Bulletin 357, 1924)...

**International price indexes**—The BLS International Price Program produces export and import price indexes for nonmilitary goods traded between the United States and the rest of the world.<sup>36</sup>

Among the numerous applications of the BLS Consumer Expenditure Survey, the Survey is used for periodic revision of the Consumer Price Index (CPI). Following are excerpted comments from a “Brief Description of the Consumer Expenditure Survey.”

The current CE program was begun in 1980. Its principal objective is to collect information on the buying habits of U.S. consumers. Consumer expenditure data are used

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in a variety of research endeavors by government, business, labor, and academic analysts. In addition, the data are required for periodic revision of the CPI.

The survey, which is conducted by the U.S. Census Bureau for the Bureau of Labor Statistics, consists of two components: A diary or recordkeeping, survey...and an interview survey, in which expenditures of consumer units are obtained in five interviews conducted at 3-month intervals...

Each component of the survey queries an independent sample of consumer units that is representative of the U.S. population...The Interview sample, selected on a rotating panel basis, surveys about 7,500 consumer units each quarter. Each consumer unit is interviewed once per quarter, for 5 consecutive quarters. Data are collected on an ongoing basis in 105 areas of the United States.<sup>37</sup>

The BLS, in commenting on the various functions of Consumer Expenditure Survey, observed that, “Researchers use the data in a variety of studies, including those that focus on the spending behavior of different family types, trends in expenditures on various expenditure components including new types of goods and services, gift-giving behavior, consumption studies, and historical spending trends.”<sup>38</sup>

Writing in the mid-1980s with reference to the then forthcoming Consumer Expenditure Survey-based revisions in the CPI, eminent business columnist Sylvia Porter remarked that the CPI is “the most closely watched, widely publicized and influential government statistic we have...”<sup>39</sup>

In addition to the fact that the “CPI is used to adjust federal tax brackets for inflation,”<sup>40</sup> a glimpse into the wide-ranging, Consumer Expenditure Survey-based network of CPI usage in American culture is gained from the following information:

The CPI is the most widely used measure of inflation and is sometimes viewed as an indicator of the effectiveness of government economic policy. It provides information about price changes in the Nation’s economy to government, business, labor, and private citizens and is used by them as a guide to making economic decisions. In addition, the President, Congress, and the Federal Reserve Board use trends in the CPI to aid in formulating fiscal and monetary policies.

The CPI and its components are used to adjust other economic series for price changes and to translate these series into inflation-free dollars. Examples of series adjusted by the CPI include retail sales, hourly and weekly earnings, and components of the National Income and Product Accounts...

The CPI is often used to adjust consumers’ income payments (for example, Social Security) to adjust income eligibility levels for government assistance and to automatically provide cost-of-living wage adjustments to millions of American workers. As a result of statutory action the CPI affects the income of about 80 million persons: the 51.6 million Social Security beneficiaries, about 21.3 million food stamp recipients, and about 4.6 million military and Federal Civil Service retirees and survivors. Changes in the CPI also affect the cost of lunches for 28.4 million children who eat lunch at school, while collective bargaining agreements that tie wages to the CPI cover over 2 million workers. Another example of how dollar values may be adjusted is the use of the CPI to adjust the Federal income tax structure. These adjustments prevent inflation-induced increases in tax rates, an effect called *bracket creep*...

Data from the Consumer Expenditure Survey conducted in 2001 and 2002, involving a national sample of more than 30,000 information families, provided detailed information on respondents’ spending habits. This enabled BLS to construct the CPI market basket of goods and services and to assign each item in the market basket a weight, or importance, based on total family expenditures...<sup>41</sup>

**Notes for Chapter 7**

- <sup>1</sup> Douglas John Hall, *The Steward, A Biblical Symbol Come of Age* (New York: Friendship Press, 1982), pp. 2-3.
- <sup>2</sup> Table 1800.Region of Residence: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2002; Region.pdf; Created 10/17/2003; (U.S. Department of Labor, Bureau of Labor Statistics), pp. 1, 18.
- <sup>3</sup> Data Release prepared by Paul Arnsberger, an economist with the Special Studies Special Projects section, under the direction of Barry Johnson, Chief; "Charities and Other Tax-Exempt Organizations, 2002"; *Statistics of Income Bulletin*, vol. 25, no. 2, Internal Revenue Service, Fall 2005, Washington, D.C. 20005; <<http://www.irs.gov/pub/irs-soi/05fallbu.pdf>>; pp. 263-271 of 6/6/2006 printout.
- <sup>4</sup> *Giving USA 2006* (Glenview, IL: Giving USA Foundation, 2006), pp. 131, 207.
- <sup>5</sup> *Giving USA 2006*, p. 204.
- <sup>6</sup> "Charitable contributions deduction: Other than cash contributions": "Table 3.—2002, Individual Income Tax Returns with Itemized Deductions, By Size of Adjusted Gross Income—Continued"; *Statistics of Income*; Internal Revenue Service; <<http://www.irs.gov/pub/irs-soi/02in03ga.xls>>, Table 3, SOI, p. 5 of 9/6/2005 10:58 AM printout.
- <sup>7</sup> Dean R. Hoge, Charles Zech, Patrick McNamara, Michael J. Donahue, *Money Matters: Personal Giving in American Churches* (Louisville: Westminster John Knox Press, 1996), p. 49; Jerry White, *The Church & the Parachurch* (Portland, OR: Multnomah Press, 1983), p. 104.
- <sup>8</sup> *Giving USA 1980 Annual Report* (New York: American Association of Fund-Raising Counsel, Inc., 1980), p. 9.
- <sup>9</sup> The Association of Fundraising Professionals Golden Gate Chapter June 30, 2006 "Fundraising Morning 2006" program listed a session titled "Giving USA 2006: Changing Data Into Action," to be presented by the vice president of a fundraising firm: "Ms. McGuire will present an incisive summary of the newly-released Giving USA report, followed by a lively panel discussion on strategic insights to transform the data into winning funding strategies to help your organization stay ahead of the curve." <<http://www.afp-ggc.org/frm/program.html>>; pp. 1, 4 of 6/15/2006 8:14 AM printout. The Alford Group (motto: "Strengthening the not-for-profit community") offered free sessions scheduled in different U.S. cities: "The Alford Group helps you make sense of Giving USA 2006! Take part in one of our informational sessions, illuminating who gave last year, to whom, how much, what the historical trends tell us, and what that means for your organization." <<http://www.alford.com/site/pp.asp?c=9fLNGWOrH1E&b=293745>>; p. 2 of 7/7/2006 8:13 AM printout.
- <sup>10</sup> *Giving USA 2006*, p. 204.
- <sup>11</sup> John Ronsvalle and Sylvia Ronsvalle, *The State of Church Giving through 2003* (Champaign, IL: empty tomb, inc., 2005), pp. 91-93. Available at: <<http://www.emptytomb.org/scg03chap7.pdf>>.
- <sup>12</sup> Mark W. Everson; "Written Statement of Mark W. Everson, Commissioner of Internal Revenue, Before The Committee on Finance, United States Senate, Hearing On Exempt Organizations: Enforcement Problems, Accomplishments, and Future Direction"; April 5, 2005; <<http://finance.senate.gov/hearings/testimony/2005test/metest040505.pdf>>; p. 9 of 4/27/05 printout.
- <sup>13</sup> Brad Wolverton (Washington), "Taking Aim at Charity," *Chronicle of Philanthropy*, published by The Chronicle of Higher Education, Inc., Washington, D.C., April 14, 2005, p. 27.
- <sup>14</sup> Scott Burns, "No, It's Not OK to Lie on Return," *Champaign (Ill.) News-Gazette*, May 10, 2006, p. B-8.
- <sup>15</sup> Jennifer Moore, "Charity Group Backs Overhaul of Tax Form," *Chronicle of Philanthropy*, November 30, 1993, pp. 34-35.
- <sup>16</sup> Virginia Hodgkinson, et al., *A Portrait of the Independent Sector: The Activities and Finances of Charitable Organizations*, (Washington, DC: Independent Sector, 1993), p. 80.
- <sup>17</sup> Internal Revenue Service, "Profit or Loss From Business (Sole Proprietorship)," Schedule C (Form 1040) 2000, OMB No. 1545-0074, Cat. No. 11334P, and Internal Revenue Service, "2000 Instructions for Schedule C, Profit or Loss From Business," Cat. No. 24329W, pp. C-7 and C-8.
- <sup>18</sup> Russy D. Sumariwalla and Wilson C. Levis, *Unified Financial Reporting System for Not-for-Profit Organizations: A Comprehensive Guide to Unifying GAAP, IRS Form 990, and Other Financial Reports Using a Unified Chart of Accounts* (San Francisco: Jossey-Bass, 2000), p. 41.
- <sup>19</sup> For the complete discussion of these recommendations, see Ronsvalle and Ronsvalle, *The State of Church Giving through 2003*, pp. 93-100. Available at: <<http://www.emptytomb.org/scg03chap7.pdf>>.
- <sup>20</sup> U.S. Census Bureau; *Statistical Abstract of the United States: 2004-2005*, 124<sup>th</sup> ed.; published 2004; <<http://www.census.gov/prod/2004pubs/04statab/infocomm.pdf>>; "Information and Communications,"

## Why and How Much Do Americans Give?

Table No. 1124, p. 718 of 8/23/05 printout. Table No. 1124 provides data for five-year intervals from 1970 to 1995, and annually from 1998 to 2003.

<sup>21</sup> The references for the Associated Press stories listed are as follows:

- Helena Payne, Associated Press Writer; “2001 Charitable Giving Same As 2000”; published June 20, 2002, 12:20 PM; <<http://www.washingtonpost.com/ac2/wp-dyn/A17534-2002Jun20?language=printer>>; p. 1 of 6/27/02 9:09 PM printout.
- Mark Jewell; “Donations Held Steady in 2002”; published June 23, 2003, 4:23 PM; <<http://www.washingtonpost.com/wp-dyn/A23604-2003Jun23.html>>; p. 1 of 6/26/03 8:49 AM printout.
- Kendra Locke; “Charitable Giving Rises in 2003”; published June 21, 2004, 12:24 AM; <<http://www.washingtonpost.com/wp-dyn/articles/A56830-2004Jun21.html>>; p. 1 of 6/25/04 4:56 PM printout.
- Adam Geller, AP Business Writer; “Charitable Giving Among Americans Rises”; published June 14, 2005 10:16 AM; <[http://www.lexis.com\[...extended URL\]](http://www.lexis.com[...extended URL])>; p. 1 of 8/7/2005 3:46 PM printout.
- Vinnie Tong, AP Business Writer; “Charitable Giving in U.S. Nears Record Set at End of Tech Boom”; The Associated Press, New York, published June 18, 2006 11:10 PM GMT; <[http://web.lexis.com\[...extended URL\]](http://web.lexis.com[...extended URL])>; p. 1 of 6/20/2006 8:51 AM printout.

<sup>22</sup> The calculation of “Per Capita Individual Giving as % of Per Capita Disposable Personal Income: % Change from Base Year” figures by empty tomb, inc. was based on the following data. The source of Per Capita Disposable Personal Income data for the 2000-01 and 2001-02 intervals was the U.S. Bureau of Economic Analysis; “Table 8.7. Selected Per Capita Product and Income Series in Current and Chained Dollars”; Line 4: “Disposable personal income”; National Income and Product Accounts Tables; <<http://www.bea.doc.gov/bea/dn/nipaweb/TableViewFixed.asp#Mid>>. The U.S. BEA tables for the 2000-01 and 2001-02 intervals, accessed by empty tomb, inc. on August 29, 2002 and August 15, 2003, were last revised on August 29, 2002, and July 31, 2003, respectively. The source for the 2002-03, 2003-04, and 2004-05 intervals was as noted above with the exceptions that the U.S. BEA table was numbered Table 7.1 rather than 8.7, accessed on June 11, 2004, May 16, 2005, and May 16, 2006, and last revised on May 27, 2004, April 28, 2005, and May 4, 2006, respectively. The aggregate Individual giving sources for the 2000-01, 2001-02, 2002-03, 2003-04, and 2004-05 intervals were the 2002 (p. 169), 2003 (p. 194), 2004 (p. 218), 2005 (p. 194), and 2006 (p. 204) *Giving USA* editions, respectively. U.S. Population on Line 16 of the above sources for Disposable Per Capita Personal Income was used to obtain a per capita figure for Individual giving.

<sup>23</sup> The calculation of “Total Giving as % of Gross Domestic Product: % Change from Base Year” figures by empty tomb, inc. was based on the following data. The aggregate Total giving sources for the 2000-01, 2001-02, 2002-03, 2003-04, and 2004-05 intervals were the 2002 (p. 169), 2003 (p. 194), 2004 (p. 218), 2005 (p. 194), and 2006 (p. 204) *Giving USA* editions, respectively. The source of Gross Domestic Product (GDP) data in current dollars for the 2000-01 interval was the 2002 edition of *Giving USA* (p. 177). The source of GDP for the 2001-02 interval was the U.S. Bureau of Economic Analysis; “Table 1.1. Gross Domestic Product [Billions of dollars]”; Line 1: “Gross Domestic Product”; National Income and Product Accounts Tables; <<http://www.bea.doc.gov/bea/dn/nipaweb/TableViewFixed.asp#Mid>>; Last Revised on July 31 2003; (accessed by empty tomb, inc.: August 15, 2003). The source of GDP for the 2002-03, 2003-04, and 2004-05 intervals was as noted above with the exceptions that the U.S. BEA table was numbered Table 1.1.5 rather than 1.1, accessed on June 30, 2004, May 17, 2005, and May 16, 2006, and last revised on May 27, 2004, April 28, 2005, and April 28, 2006, respectively.

<sup>24</sup> John Ronsvalle and Sylvia Ronsvalle, *The State of Church Giving through 2002*, (Champaign, IL: empty tomb, inc., 2004), pp. 71-78. Available at: <<http://www.emptytomb.org/scg02PhilMsr.pdf>>.

<sup>25</sup> Gabriel Rudney, “The Scope of the Private Voluntary Charitable Sector,” Research Papers Sponsored by The Commission on Private Philanthropy and Public Needs, Vol. 1, History, Trends, and Current Magnitudes, (Washington, DC: Department of the Treasury, 1977), p. 136.

<sup>26</sup> For this comparison, the composite data set of denominations was adjusted for missing data.

<sup>27</sup> The above estimate of \$92 billion is likely a high measure of charitable giving insofar as it includes all of the \$2.90 billion in the category, “Gift[s] to non-CU members of stocks, bonds, and mutual funds.” This attribution thus assumes that all of the \$2.90 billion given in this category went to charitable organizations, although the CE survey does not allocate the funds of this category between charitable and non-charitable recipients.

<sup>28</sup> Americans’ charitable giving was calculated by multiplying the 116,282,000 “Number of consumer units” by each of the average annual consumer unit contributions for 2004, the components of which were \$157.51 (“charities and other organizations”), \$565.11 (“church, religious organizations”), \$46.06 (“educational institutions”), and \$24.97 (“Gifts to non-CU members of stocks, bonds, and mutual funds”).

The resultant sum of the aggregated components yielded a total giving amount of \$92.29 billion. The “Cash contributions to church, religious organizations” amount, therefore, was calculated by multiplying the number of consumer units by \$565.11 yielding an amount of \$65.71 billion for 2004. Religion as a percent of the total was calculated by dividing \$65.11 billion by \$92.29 billion, yielding 71%. “Cash contributions” items not included in the above calculations for charitable contributions were “Support for college students (Sec.19); Alimony expenditures (Sec. 19); Child support expenditures (Sec. 19); Cash contribution to political organizations; Other cash gifts.” Data source: “Table 1800. Region of residence: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2004” [Item detail]; region.pdf; Created 11/29/2005; (U.S. Department of Labor, U.S. Bureau of Labor Statistics); unnumbered pp. 1, 17 of 5/15/06 printout.

<sup>29</sup> Data sources: “Table 1202. Income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2004” [Item detail]; income.pdf; Created 11/29/2005; (U.S. Department of Labor, U.S. Bureau of Labor Statistics); unnumbered pp. 1, 18 of 5/12/06 printout; and “Table 2301. Higher Income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2004” [Item detail]; higherincome.pdf; Created 11/29/2005; (U.S. Department of Labor, U.S. Bureau of Labor Statistics); unnumbered pp. 1, 17-18 of 5/13/06 printout.

<sup>30</sup> Information from the outlier “Less than \$5,000” bracket, while part of the “All consumer units” data, was not otherwise included in the present analysis.

<sup>31</sup> Consumer Expenditure Survey “Frequently Asked Questions”; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditure Surveys, Branch of Information and Analysis; Last Modified Date: March 17, 2005; <<http://www.bls.gov/cex/csxfaqs.htm>>; p. 7 of 5/28/05 10:32 AM printout.

<sup>32</sup> Data source: “Table 1300. Age of reference person: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2004” [Item detail]; age.pdf; Created 11/29/2005; (U.S. Department of Labor, U.S. Bureau of Labor Statistics); unnumbered pp. 1, 17-18 of 5/13/06 printout.

<sup>33</sup> Data source: “Table 1800. Region of residence: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2004” [Item detail]; region.pdf; Created 11/29/2005; (U.S. Department of Labor, U.S. Bureau of Labor Statistics); unnumbered pp. 1, 17 of 5/15/06 printout.

<sup>34</sup> “Consumer Expenditures in 2004”; Report 992; U.S. Department of Labor, U.S. Bureau of Labor Statistics; April 2006; <<http://www.bls.gov/cex/csxann04.pdf>>; pp. 1, 5 of 5/30/06 printout.

<sup>35</sup> “Mission Statement”; U.S. Department of Labor, Bureau of Labor Statistics; Last Modified Date: October 16, 2001; <<http://www.bls.gov/bls/blsmisn.htm>>; p. 1 of 8/15/05 4:59 PM printout.

<sup>36</sup> U.S. Census Bureau, *Statistical Abstract of the United States: 2006*, 125<sup>th</sup> edition; published 2005; <<http://www.census.gov/prod/2005pubs/06statab/prices.pdf>>; pp. 479, 481 of 5/31/06 printout.

<sup>37</sup> “Consumer Expenditures in 2004”; Report 992; U.S. Department of Labor, U.S. Bureau of Labor Statistics; April 2006; <<http://www.bls.gov/cex/csxann04.pdf>>; pp. 4-5 of 5/30/06 printout.

<sup>38</sup> Consumer Expenditure Survey “Frequently Asked Questions”; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditure Surveys, Branch of Information and Analysis; Last Modified Date: March 17, 2005; <<http://www.bls.gov/cex/csxfaqs.htm>>; p. 2 of 5/28/05 10:32 AM printout.

<sup>39</sup> Sylvia Porter, “Out-of-Date Consumer Price Index to Be Revised in ’87,” a “Money’s Worth” column appearing in *Champaign (Ill.) News-Gazette*, January 9, 1985, sec. D, p. 3.

<sup>40</sup> “Price Index Undergoes Statistical Adjustment,” an Associated Press (Washington) article appearing in the *Champaign (Ill.) News-Gazette*, April 19, 1998, sec. C, p. 1.

<sup>41</sup> Consumer Price Indexes “Addendum to Frequently Asked Questions”; U.S. Department of Labor, Bureau of Labor Statistics, Division of Consumer Prices and Price Indexes; Last Modified Date: March 28, 2005; <[http://www.bls.gov/cpi/cpiadd.htm#2\\_1](http://www.bls.gov/cpi/cpiadd.htm#2_1)>; pp. 1-2 of 5/31/06 10:54 AM printout.