



Maine
Philanthropy
Center

Building Connections for Maine Grantmakers



NEW HAMPSHIRE
CHARITABLE FOUNDATION

The Rhode Island Foundation



THE
Vermont
Community Foundation

REPORT PREPARED BY



A Closer Look at New England Giving

November 2005

A Closer Look at New England Giving

This report covers a description of the differences found in charitable giving between New England states (considered together) and states in eight other regions of the U.S. It also reports preliminary findings from an econometric model that seeks to explain the differences based on characteristics shared by donors in New England compared with characteristics of donors elsewhere.

These findings are based on analysis of survey data from a nationally representative sample of households in nine Census Bureau regions. The data were collected in the Center on Philanthropy Panel Study (COPPS), a module of the University of Michigan's Panel Study of Income Dynamics. Also used are data from the preliminary tax return file released in summer 2005 by the Internal Revenue Service. The COPPS data permit comparison of households that report giving and households that do not (non-donors). The IRS data permit comparison of households that itemize contributions on tax return. Households that do not are non-itemizers but could be donors. A separate analysis of COPPS data available from the Giving USA Foundation reports that an estimated 12 percent of U.S. households made gifts of \$1,000 or more but did not itemize contributions on tax returns.¹

Giving is considered in three ways:

- Participation rate in giving (any household contribution to any charity counts as participation), where IRS data permit comparison of participation rates only among returns that itemize deductions (about 30 percent of households total);
- Average amount contributed, with religious giving, secular giving, and total giving reported separately using COPPS data;
- Average percentage of income contributed, with religious giving, secular giving, and total giving reported separately.

New England donors are different from donors elsewhere in the U.S., as shown by the following key findings.

- New Englanders have higher participation rates for religious and secular charities than are seen elsewhere. Nearly 82 percent of New England households contribute, compared with 67 percent of the households nationally.
- New Englanders who give at all to secular causes give a much higher amount (average of \$1,190) compared with giving to secular causes nationwide (average of \$863). The average gift from a New England household to secular causes is 38 percent higher than the average gift from any U.S. household to secular causes.
- New Englanders who give at all to religious causes give much less (average of \$918) compared with national religious donors (average of \$1,743). New England households that give to religion give, on average, 47 percent less than do households nationally that give to religion.

¹ Giving USA Quarterly #3, 2005, Giving USA Foundation.

- New England total giving per donor household is slightly lower than the national average, at \$1,694 compared with \$1,894. The 11 percent difference is due to lower average giving to religious congregations.
- Because of the high participation rate in giving in New England, giving per household (including non-donor households) in that region exceeds the national average. In New England, total estimated giving by all households averages \$1,347 per household. Nationally, total estimated giving by all households averages \$1,262. Considering all households together (including non-donors), New Englanders give 7 percent more per household than is found nationally.
- New England giving is statistically associated with wealth (for religious donors) or with income (for secular donors). Factors that are determinants of giving in other regions—such as education, marital status, or religious affiliation—have no statistically significant relationship to giving levels in New England. This finding, combined with the high percentage of New Englanders who donate, suggests that New Englanders are likely to be donors, regardless of other circumstances in their lives. Elsewhere, giving is associated largely with couples and in some areas, with people with college degrees.

These findings of widespread New England generosity contradict some commonly-reported figures that purport to show that people in some other regions of the nation give more than New Englanders do. The COPPS survey results are highly reliable and provide the most valid basis for comparing giving by New Englanders with that of the country overall. This is because the study reaches more than 6,000 households in a nationally representative sample and has the best response rate of any survey done about giving. Furthermore, it is more representative of the total population in the U.S. than virtually every other survey, especially with regard to income levels. Households of all income levels are asked about their giving (and volunteering, which is not reported here).

Other studies rely on smaller survey samples or on tax data. The tax data are an imperfect measure of charity because the analysis is limited to charitable deductions claimed by tax filers who itemize federal deductions. The tax data are therefore limited to the 35 percent or so of households nationally that itemize any type of deduction. With wide variation among states in the percentage of tax filers who itemize deductions, comparing all tax returns in any one state (or region) with other states fails to take into consideration state-based factors that determine who claims federal deductions at all (these include mortgage interest and state income and property taxes).²

Nonetheless, it is useful to look at tax data. In doing so, analysis should be restricted to income tax returns that include itemized deductions. This report begins with the IRS data and continues with survey data results.

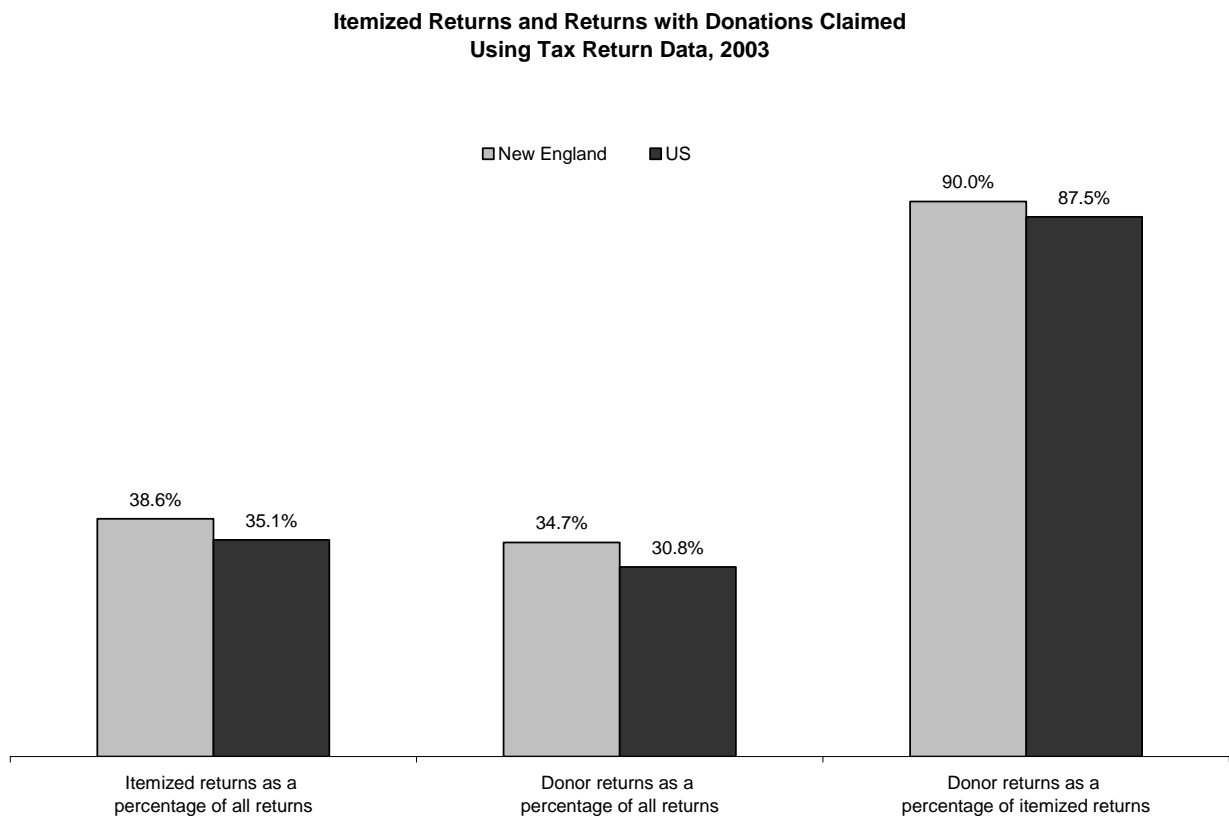
² Charles Clotfelter and Daniel Feenberg, 1990. Is there a regional bias in federal tax subsidy rates for giving? *Public Finance*, Vo. 45, No. 2.

IRS Data: New England Tax Filers Claim Deductions at Rate Comparable to the Rest of the U.S.

Residents of New England states are, overall, slightly more likely to itemize any type of deduction than are residents of the U.S. overall. This is shown in the first pair of columns on the left of Figure 1. Nearly 40 percent (38.6 percent) of tax returns for 2003 filed from any of the New England states included any type of itemized deduction.

New Englanders who itemized any deduction are also more likely than residents of other states to include a charitable gift. The right side of Figure 1 shows that 90 percent of New England returns that itemized any deduction included a charitable gift deduction, compared with 87.5 percent of returns nationally.

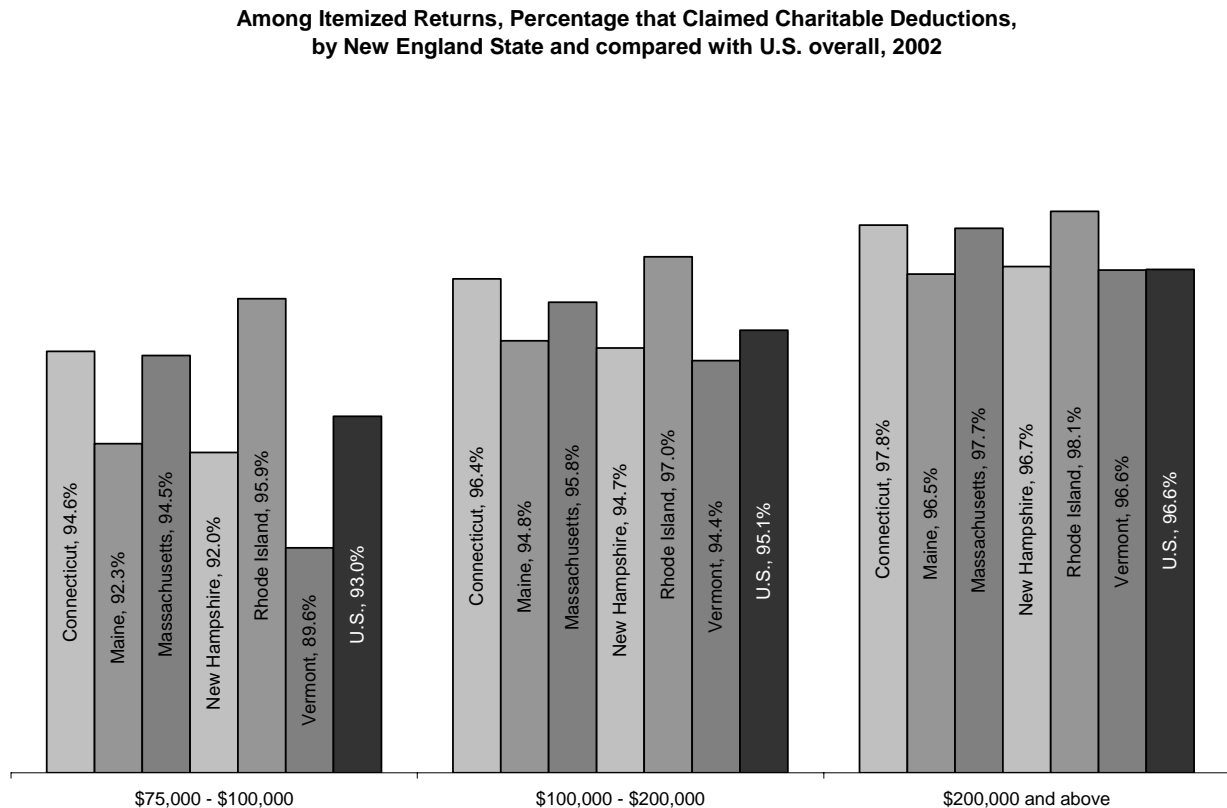
Figure 1



IRS Data: Charitable Deductions on Returns that Itemize Vary as a Percentage by New England State

In New England overall, the percentage of returns with gifts is above the national norm, yet some New England states show a slightly lower percentage of returns with a gift. Figure 2 illustrates the percentage of itemizing households that included a charitable gift deduction by state for the three top income ranges. These income ranges nationally account for 15 percent of the population and more than two-thirds of the giving.

Figure 2



In the income range of \$75,000 to \$100,000, three states in New England show lower percentages of returns with an itemized gift (as a share of returns with any itemized deduction). In the highest income ranges, the New England states are no more than one percentage point below the national figure, and more often at or above the national rate.

The fact that a household does not itemize a charitable contribution does not necessarily indicate non-giving. It indicates an absence of giving information on a federal tax return. There are many reasons why a donor who itemizes other deductions might not include gifts made: These include:

- Reluctance to itemize a gift in the absence of documentation (receipts);
- A philosophical or religious belief that giving is a private matter, not one to report to the government;
- Reluctance to claim some types of deductions, which can occur if the gift is to a recipient that is not typically known to be a charity (e.g., a volunteer fire department or public school);

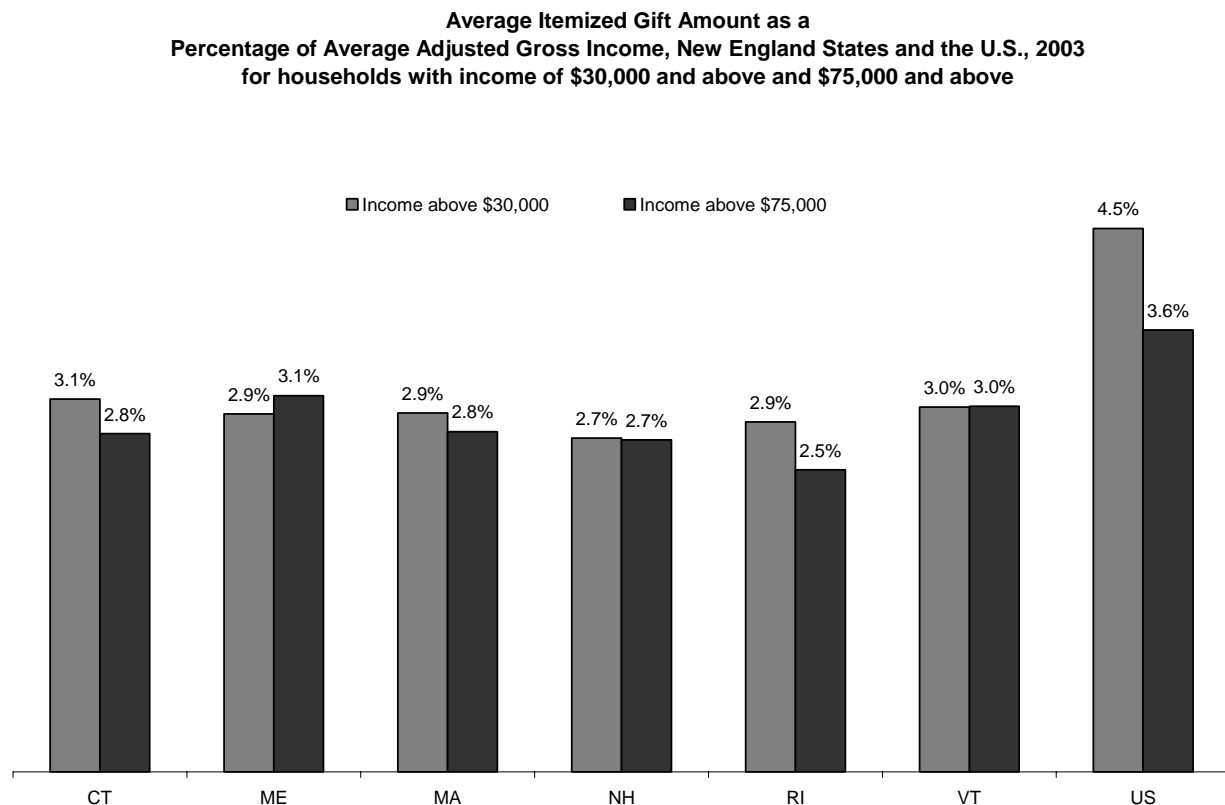
- The possibility that itemizing a deduction for a gift of stock could trigger the alternative minimum for some donors;³
- Uncertainty about how much to deduct for a gift in kind, a deferred gift, or another type of gift where cash value is not the appropriate amount.

There are no clear reasons in the data or in theory to suggest that any of these possibilities occur more or less frequently in any region of the country, but to the extent that values are rooted in community experience, it is possible that at least some of these may be more widespread among donors in New England than among donors elsewhere.

IRS Data: New Englanders Give Slightly Less as a Percentage of Income

The IRS data for tax returns permits analysis of different income groups. In New England, giving as a percentage of income does not vary much. The average amount claimed on tax returns, as a percentage of average income, remains fairly constant whether the income category includes tax returns with incomes above \$30,000 or only incomes above \$75,000. Figure 3 shows the average percentage of income itemized as a charitable contribution for returns with income of \$30,000 or more and returns with income of \$75,000 or more

Figure 3



³ Roy Lewis, Tax Q&A: Charitable Contributions of Stock, online at The Motley Fool, July 17, 1998, <http://www.fool.com/school/taxes/1998/taxes980717.htm>.

The U.S. values exceed those for all New England states. Analysis of the survey data show that New England giving for religion is below the national average, which tends to lower the total amount reported in giving by New England households.

Other factors could also be playing a role in the slightly lower percentage of income claimed by New Englanders on tax returns. It could be that New Englanders are generally less likely than people in at least some other regions to claim gifts that do not actually qualify for the charitable gift deduction. One study found that nationally, about 10 percent of charitable gifts claimed were disallowed when the tax return was audited by the IRS.⁴

Center on Philanthropy Panel Study Data: New England Donors Give More than National Donors for Secular Causes; Less for Religion; Less Overall

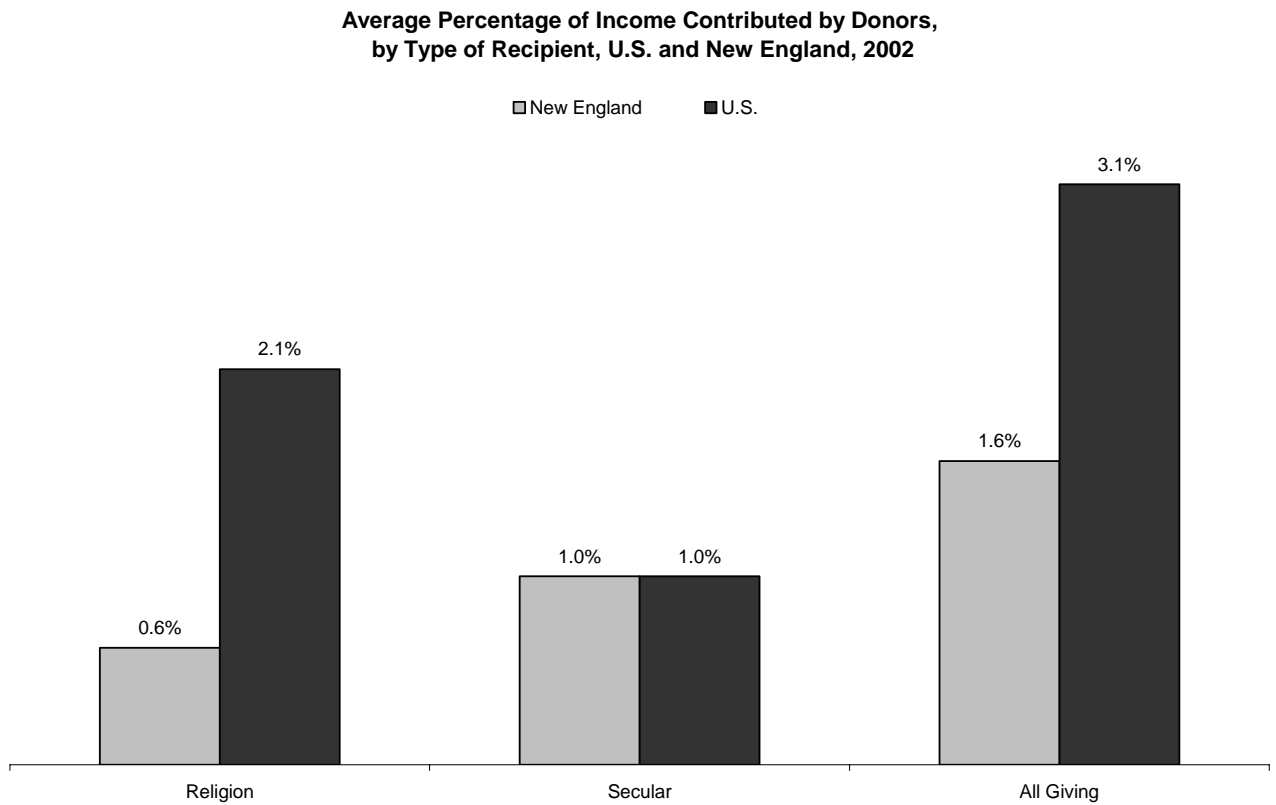
COPPS data more accurately captures giving information from households with incomes from \$1 to \$150,000 than do the tax returns. COPPS also provides household-specific information about income and giving, so that giving by each household can be calculated as a percentage of that household's income (instead of using averages across all tax returns, as must be done with the IRS data).

The Center on Philanthropy Panel Study asks separately about giving to religion (house of worship, administrative division such as a diocese or similar regional body, or ministry). There are questions about various types of giving for other purposes, which are grouped here as secular giving. They include combined funds (United Ways, community foundations, and the like); to help the needy; for education; for health care or research; youth development programs; arts; community development; the environment; or international affairs.

With the COPPS data, giving was calculated as a percentage of that household's income, and an average for all donor households derived for each region of the U.S. and for the U.S. overall. Figure 4 shows that in New England, donors give a lower percentage of their income to religious causes and about the same percentage to secular causes as do donors elsewhere in the U.S. The difference in the total is largely attributable to the difference in religious giving.

⁴ D. Joulfaian. 2001. Compliance patterns in claimed deductions for charitable contributions, memorandum, U.S. Department of the Treasury, cited in a Congressional Budget Office study, *Effects of Allowing Nonitemizers to Deduct Charitable Contributions*, December 2002, www.cbo.gov.

Figure 4

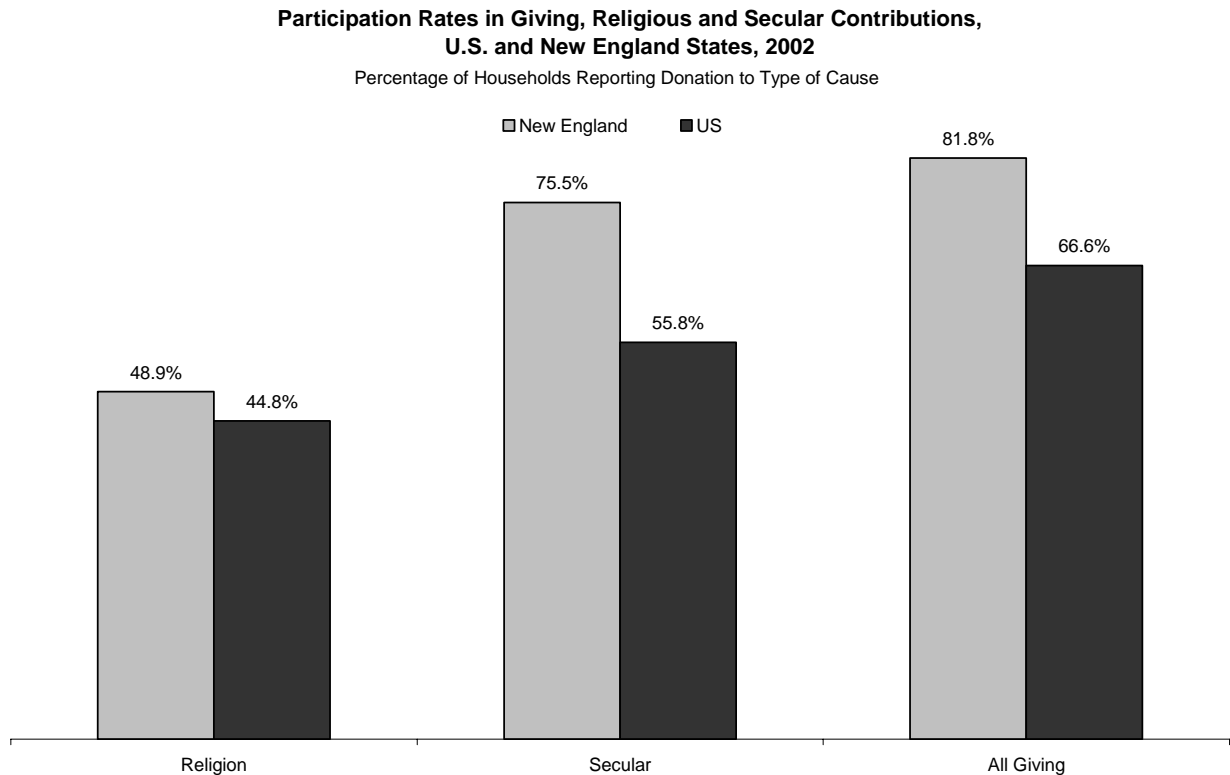


This suggests that New Englanders are at least as generous as people in other regions of the country in giving for community purposes served by charities, as measured by giving as a share of income but at the same time are clearly giving a much smaller share of income to religious organizations.

COPPS: New Englanders More Likely to Give

COPPS results show that New England residents are more likely to give (have a higher percentage of households giving) than are residents throughout the U.S. This applies to both religious and secular causes and for any giving, compared to the U.S. average. It is especially noticeable for the secular giving participation rate. Religious giving is slightly more likely among New England households than in the U.S. as a whole. Secular giving is 20 percentage points more likely (more than 75 percent of New England household report secular gifts, compared with 56 percent of households nationally). Figure 6 shows the survey-based rates of giving by New England households compared with the U.S.

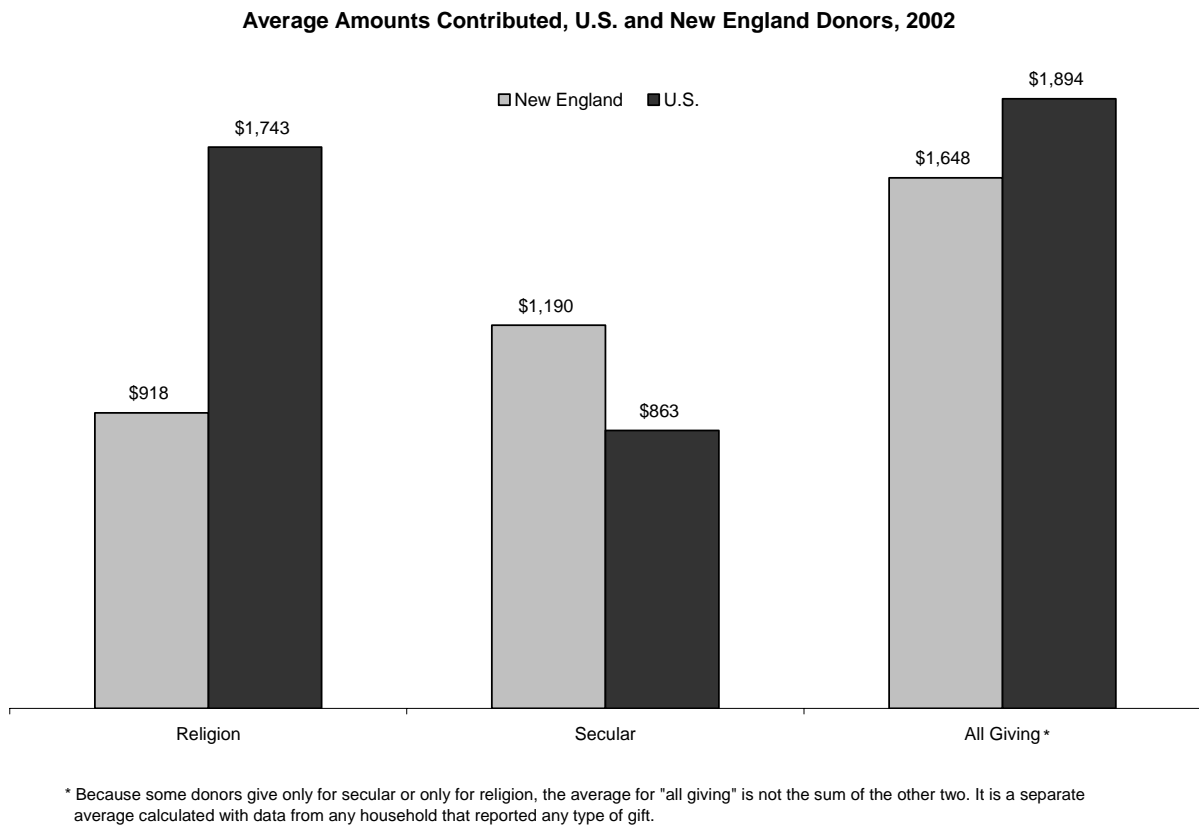
Figure 6



COPPS Data: New England Donations for Secular Causes Exceed Average U.S. Level

While it is difficult to compare amounts given across regions, because income (which varies widely by region) often affects the amounts donated, it is clear that New England shows lower amounts given, on average, for religious and total giving, but a higher average for secular giving, compared with the U.S. average. Figure 7 shows the average amount contributed by donors to that type of cause in New England and throughout the U.S.

Figure 7



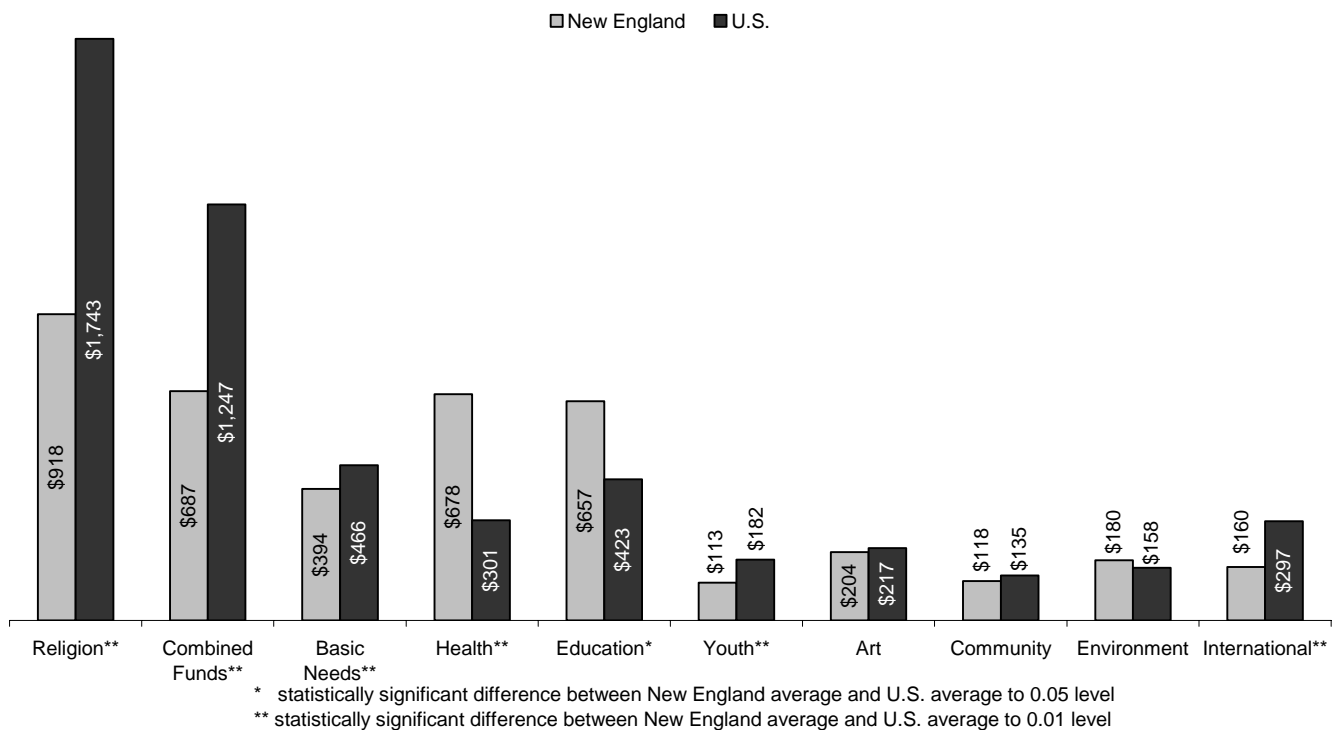
Thus, in New England, of the nearly 49 percent of households that give to religion, the average total contributed to religious organizations (places of worship, ministries, etc.) is \$918. In the U.S. overall, a slightly lower percentage of households give to religion (just under 45 percent), but the average amount donated by those households is much more, at \$1,743.

COPPS Data: New England Donors Give More for Health and Education

COPPS data show a slightly different distribution of giving in New England than in the rest of the U.S. Figure 8 shows the average dollar amount given per donor to each type of recipient. In New England, religion giving, as noted, is lower than in the U.S. So is giving to combined funds, which includes United Way, Jewish federations, community foundations, and the like. Giving to education and health exceed the national average, as shown in Figure 8.

Figure 8

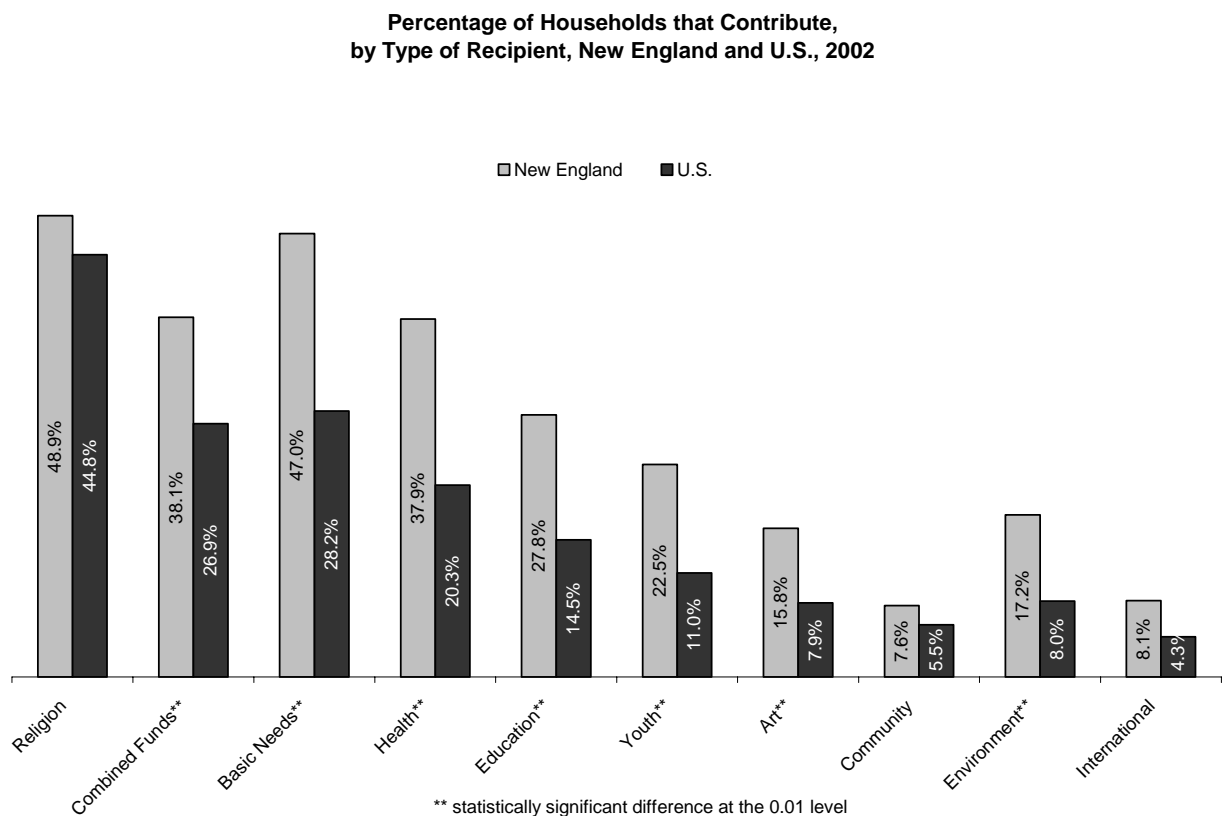
Average Amount Contributed by Donor That Gives to that Type of Recipient, New England and U.S., 2002



COPPS Data: New England Donors More Likely than Donors in U.S. to Give to Each Secular Cause

Like giving to religion, New England households are far more likely to be donors to each one of the types of causes than are households in other regions. Figure 9 shows the percentage of households in New England, compared with the U.S., that reported donations in 2002, by type of cause or recipient. New Englanders are statistically significantly more likely to give more for combined funds, meeting people's basic needs, for health programs, for educational organizations, for youth-serving projects, for arts institutions, and for environmental organizations. While there is a higher participation rate in other types of giving (religion, community, and international), the difference compared with the U.S. is not statistically significant.

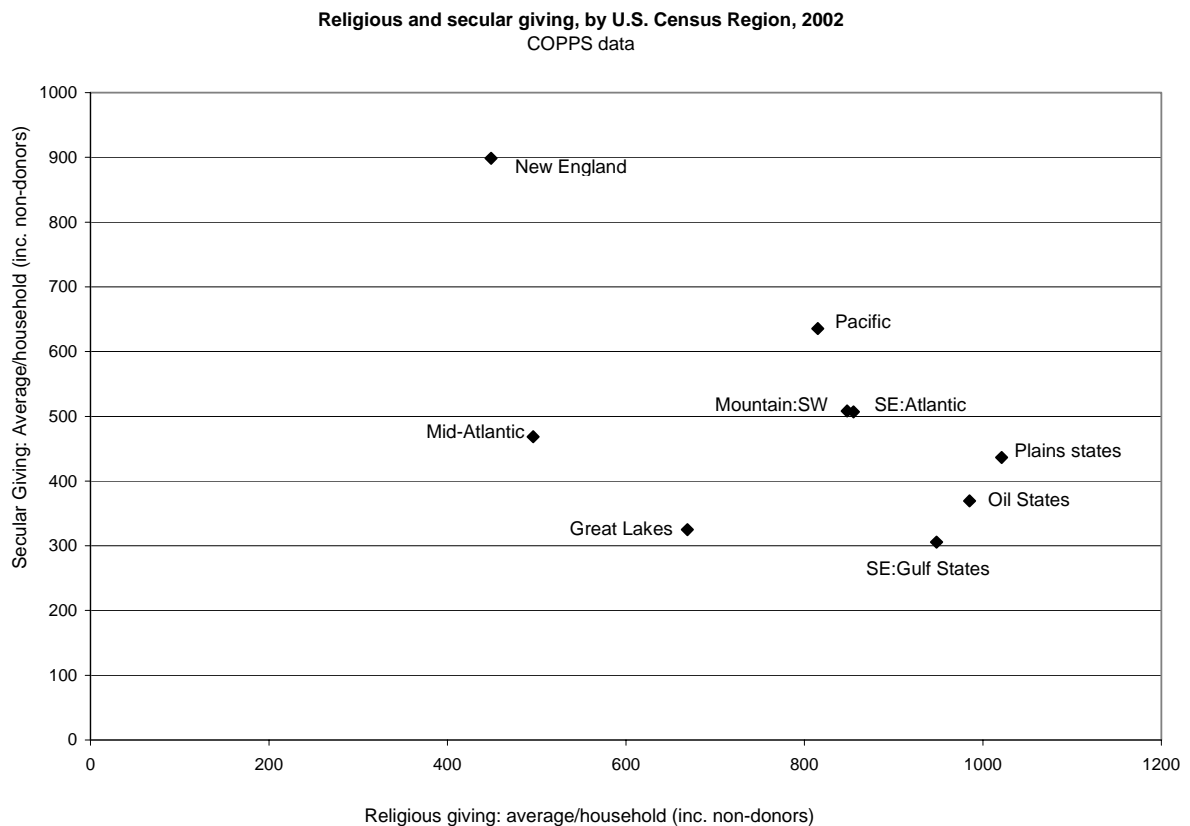
Figure 9



COPPS Data: New England Giving is Very Different

To show how different New England giving is from other U.S. regions, Figure 10 illustrates New England in comparison with other regions. Religious giving is shown along the bottom (x-axis) and secular giving is shown along the left side (y-axis). This graph considers ALL households (thus adjusting for different participation rates in different regions). New England – because of the high rates of participation in giving and the high average amount donated to the combination of all secular causes – is profoundly different from other regions, where religious giving dominates.

Figure 10



In order to investigate some of the possible explanations for why New England giving differs so much from other regions, the Center on Philanthropy research team used the giving data from COPPS, separated into religious giving and secular giving. For each type of giving, all nine regions were analyzed to evaluate which of the commonly recognized “determinants of giving” were most important in each region. The determinants of giving found in prior studies to matter throughout the U.S. (before separating into different regions) and used in this analysis are:

- Income: In general, studies show that giving rises with income.
- Wealth: Studies show giving rises with household wealth (home equity is excluded).

- Age of the head of household: Most studies show that up to age 65 or so, giving rises with age.
- Marital status: Married couples give more than single men or single women.
- Educational level of the head of household: Giving rises with educational level.
- Religious affiliation: Households with no religious affiliation give less compared with households that report affiliation with a faith group.⁵

Table 1 compares New England with eight other Census regions, showing only the values for statistically significant findings. Numbers in parentheses are indications of significance for any results significant at least to the 0.05 level but not to the 0.01 level. All other results are significant to the 0.01 level.

New England is unique in that family wealth—and only family wealth—is associated with giving to religion. It is statistically significant to .00, but the impact is relatively small: Every \$1,000 increase in wealth is associated with about \$7 more in religious giving, holding all other factors constant.

Table 1
Determinants of giving to religion by region

(All results significant to the 0.01 level except as noted. Numbers within italics within parentheses are significance values to the 0.05 level.)

RELIGIOUS GIVING	NE	Mid-Atlantic	Great Lakes	Plains	SE/Atlantic	SE/Gulf	Oil States	Mountain	Pacific
HOLDING OTHER FACTORS CONSTANT									
For every 1 year in age of head of household giving changes:		31.55	44.79	43.09	23.08		25.42		
If not married, giving declines: (compared to married giving)		-1,208	-2,344	-2,178	-1,716	-2,002	-1,396	-2,366	-3,168
For every \$100 income increase, giving rises			0.66	1.26	1.65		1.97		
For every \$1,000 more in wealth, giving increases	6.65	0.27 (.02)	1.17			0.96 (0.4)			.30 (.03)
If household head went to college, giving rises (compared with giving by high school graduate):			1,616	1,412	658 (.02)			1,496	1,693
If affiliated with a religion, giving increases:		174 (.047)	295 (.03)	415	234 (.02)			509	442 (.03)

The statistical significance level of 0.01 indicates that there is one chance in 100 of being wrong. That is, it is 99 percent certain that when you hold all the other factors constant,

⁵ Wilhelm and Steinberg, Patterns of Giving in COPPS 2001, available at www.philanthropy.iupui.edu under research, then under working papers.

the age of head of household is a determinant of giving to religion in the Mid-Atlantic, Great Lakes, Plains, Southeast-Atlantic, and Central Oil States.

In some regions—especially the Plains, the Southeast-Atlantic States, and the Central Oil States (Louisiana, Oklahoma, Texas, and Arkansas)—family income is statistically significantly associated with higher giving to religion. In New England, family income is not statistically significantly associated with giving to religion, at least after controlling for wealth and other variables.

Religious affiliation (compared with no religious affiliation) is associated with more giving to religion in six regions and not in three others. In New England, whether or not a respondent reported affiliation with any one of the religions included did not affect that household's level of giving to religion.

Marital status matters for religious giving in most regions—other than New England—and people who are not married gave less to religion than did people who were married. In New England states, there was no statistical difference found in the religious giving of single people and married people.

For secular giving, the picture is slightly different. In New England, income matters—and matters to a much larger extent than it does in other regions. However, other factors that are associated with secular giving elsewhere have no statistically significant impact on secular giving by New England households.

Table 2
Determinants of giving to secular causes

(All results significant to the 0.01 level except as noted. Numbers within *italics* within parentheses are significance values to the 0.05 level.)

SECULAR GIVING	New England	Mid-Atlantic	Great Lakes	Plains	SE/Atlantic	SE/Gulf	Oil State	Mountain	Pacific
Age of head: For every 1 year in age, giving changes:		12.97	14.89						
If not married, giving declines: (compared to married giving)									-902
For every \$100 income increase, giving rises	3.03	.38	.92	.98	1.44	.47	1.43	1.29	
For every \$1,000 more in wealth, giving increases						1.09	0.40 (.02)	0.46	0.62
If household head went to college, giving rises (compared with giving by high school graduate)		787	734	1,151	376 (.02)	500	487 (.02)		1,443
If affiliated with a religion, secular						-208 (.04)			

giving increases:									
-------------------	--	--	--	--	--	--	--	--	--

Conclusion

New England giving is different from giving in other regions examined. A higher proportion of people give. Giving for secular causes is about the same as giving nationally for secular causes (measured as a percentage of income contributed), but giving for religion is much lower (also as a percentage of income). More New Englanders report giving to a wider range of secular organizations than occurs elsewhere in the U.S., and for some types of charities, average gifts from New Englanders exceed the average gift from donors to that type of cause elsewhere in the country (education and health).

Statistical analysis using controls finds that when income, education level, marital status, affiliation with a religious faith, and wealth are considered, in New England, only wealth is associated with changes in religious giving and only income is statistically significantly associated with changes in secular giving. Elsewhere in the U.S., other factors are statistically significantly associated with giving, especially marital status (people who are not married give less to religion in all regions except New England) and age of head of household (older householders give more, even controlling for income, education, and other factors), especially for religion.

Data Used

Two data sets are used: the preliminary (state-by-state) tax return information reported for the 2002 tax year by the Internal Revenue Service and household survey data from the Center on Philanthropy Panel Study (COPPS), which is a module about giving and volunteering that is administered with the University of Michigan’s Panel Study of Income Dynamics. The PSID administered in 2003 reached more than 7,820 households. This analysis is limited to the 6,254 households in the nationally representative sample. It excludes the low-income oversample households that are part of the larger PSID study. The COPPS asked about giving in 2002.

Number	Census Name	Giving USA Name	States included (using postal abbreviations)
1	Northeast	New England	CT, MA, ME, NH, RI, VT
2	Mid-Atlantic	Mid-Atlantic	NJ, NY, PA
3	East North Central	Great Lakes	IL, IN, MI, OH, WI
4	West North Central	Plains	IA, KS, MN, MO, ND, NE, SD
5	Southeast	Southeast/Atlantic Coast	DC, DE, FL, GA, MD, NC, SC, VA, WV
6	East South Central	Southeast/Gulf Coast	AL, KY, MS, TN
7	West South Central	Central Oil States	AR, LA, OK, TX
8	Mountain	Mountain/Southwest	AZ, CO, ID, MT, NM, NV, UT, WY
9	Pacific	Pacific	AK, CA, HI, OR, WA

