

Fourteenth Edition

The State of Church Giving through 2002

*Excerpt:
Chapter 7*

John L. Ronsvalle

Sylvia Ronsvalle

empty tomb, inc.
Champaign, Illinois



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by John and Sylvia Ronsvalle

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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

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*Measuring
Charitable Giving
in the United States*

HIGHLIGHTS

- The Associated Press told the American public that giving rose 2.8% in 2003, while the percent change in individual giving as a percent of Disposable Personal Income, adjusted for population and income, was -2.0%.
- The quality of giving information disseminated to the American public received an F in the fourth annual Report Card on the Measurement of Philanthropy (see Table 17).
- Recommendations to improve the measurement of philanthropy include:
 - Reports of philanthropic giving need to be adjusted by population and income, as are other national statistics.
 - Changes are needed in the Internal Revenue Service Form 990 to provide information about contributions from living individuals as a distinct category. In order to assist this development, the Unified Chart of Accounts needs to provide a meaningful category dedicated to contributions from living individuals.
 - A policy decision is needed to change Form 990, so that a nonprofit may choose between the governance categories of either faith-based or secular. Groups also need to be able to define themselves through the use of a standard classification system, such as the National Taxonomy of Exempt Entities.
 - A policy decision is needed to measure contributions to recipient categories, by source of donations. Form 990 needs to be changed so that reporting recipient organizations define their contributions by source, choosing among individual, bequest, corporations (businesses), and foundations.
 - A permanent commission with a Presidentially-appointed and U.S. Senate-approved chair, similar to one recommended in the 1970s by the Filer Commission, is needed to establish and maintain consistent standards of philanthropy measurement.
 - A peer-reviewed Journal of Philanthropy Measurement would assist with developing and refining standards of philanthropy measurement.
- *Giving USA's* Religion series erroneously builds on past years when Religion was overestimated as a “residual” or leftover amount after summing other categories.

Table 17: Report Card on the Measurement of Philanthropy, Twelve Entities

Evaluation Category	Form 990 IRS Treasury Dept.	Urban Institute	U.S. Government	Associated Press	Universities [with Non-profit Programs]
Adjusts for Population & Income	F	D	F	F	—
Emphasizes Living Individuals	F	F	D	F	—
Treatment of Religion	F	F	D	F	—
Addresses Annual Measurement	A	D	C	A	F
Report Available for Timely Review	F	D	C	A	—
Distance from For-Profit Counsel	A	A	A	A	—
Consistency over Time	A	D	A	F	—
Revisits Major Questionable Findings	F	D	D	F	—
Availability of Information	F	C	D	F	—
Take Steps to Maximize Validity	F	D	F	F	—
Summary Grade	F	D-	D+	F	F

NARRATIVE

As noted in earlier chapters of this volume, weakening of the charitable impulse within churches and among living individuals in general may be occurring across America. Useful information about individual giving patterns is important to individual donors and to their church and other nonprofit leaders, as well as to the well-being of American society.

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. To the degree that the church, particularly Benevolences, is losing market share in giving as a percent of income, that trend will impact the practice of philanthropy in general. Accurate information about giving patterns is vital to foster Americans' good impulses.

Current measurement of philanthropy efforts in the United States is inadequate to inform a concerned public. As Hayden W. Smith wrote in a 1993 article, "But we must face the truth: no one—repeat, no one—really knows how much money and other property is given to charity in any given year . . ." ¹

¹Hayden Smith, "Some Thoughts on the Validity of Estimates of Charitable Giving," *Voluntas*, Vol. 4, No. 2, August 1993, p. 251.

Measuring Charitable Giving

National Bureau of Economic Research	U.S. Statistical Abstract	Trade Magazines: Philanthropy 400 and NPT 100	Advisory Committees GUSA and GAVITUS	Foundations	Giving USA: AAFRC Indiana Univ. Center on Phil.	GAVITUS; Balancing the Scales: Independent Sector
—	D	F	C	D	F	A
—	D	F	C	D	F	A
—	D	F	F	F	F	F
F	C	A	B	D	A	F
—	A	A	F	F	F	F
—	A	F	C	A	F	A
—	A	D	D	D	F	F
—	D	D	D	D	F	D
—	A	A	B	A	F	C
—	F	F	F	F	F	F
F	C	F	D-	D-	F	F

While this may be the present case, specific steps can be taken to remedy the situation.

The media regularly reports annual changes for one major professional organization’s aggregate estimates as fact, other surveys cannot be externally validated, and the available tools to measure philanthropy neither provide nor emphasize a clear gauge of contributions from living individuals.

Yet, private contributions total tens of billions of dollars each year. The nonprofit institutions that they support are estimated to constitute as much as six percent of the U.S. economy, when various sources of income including fees and government grants are taken into account.² In addition, the charitable activity that is widespread throughout American society provides assistance to segments of the population whose needs would otherwise be severely, or in some cases completely, underserved. Whether the topic is assistance to the poor or giving to the arts in the U.S., it is difficult to obtain a good measure of the condition of this society without an adequate measure of the charitable giving level.

As a first step toward changing this condition, an evaluation scale of those involved with measuring philanthropy was designed to provide an overview of the current situation. In this chapter, the fourth annual Report Card on the Measurement of Philanthropy evaluates

²“Nonprofit Information Center”; <http://www.independentsector.org/Nonprofit%20Information%20Center/nonprofit_size_and_scope.htm>; p. 1 of 8/23/01 4:28 PM printout.

twelve national entities involved in one or more aspects of the dissemination and measurement of charitable giving information.

The fourth annual Report Card adds the Associated Press as an evaluated entity, while collapsing the Philanthropy 400 and NPT 100 into a single Trade Magazines entity. The importance of dissemination of philanthropy data is highlighted by the addition of the Associated Press this year. The role of the Associated Press is seen from summary information in “AP Facts and Figures.”

Founded in 1848, The Associated Press is the oldest and largest news organization in the world, serving as a source of news, photos, graphics, audio and video for more than one billion people a day.

The AP is the backbone of the world’s information system. In the United States alone, AP serves 5,000 radio and television stations and 1,700 newspapers. Add to that the 8,500 newspaper, radio and television subscribers in 121 countries overseas, and you’ll have some idea of AP’s reach.

AP’s mission is to provide factual coverage to all parts of the globe for use by the media around the world. News bearing the AP logotype can be counted on to be accurate, balanced and informed.³

Walter Cronkite commented on the important role newspapers play in our history and our culture.

In his farewell passage for King Features, Cronkite writes that because newspapers can provide depth and breadth, they can become a “custodian of our history.”

“The decent newspapers try to be fair and present both sides of a disputed story in the community and our nation, and that is the essential of our history,” he said. “It is where historians go to do their research. This is an absolutely vital link in the chain of culture that we call our democracy.”⁴

The overall grade, all sources combined, for the dissemination and measurement of philanthropy data in the United States is an F. This grade combines the resulting numerical values from the 10 categories on which the twelve entities were evaluated. A grade of F indicates a high level of cultural pollution in the dissemination of annual changes in, and levels of, charitable giving, particularly in the areas of living individual and religious giving.

These twelve groups were generally listed in the order of their potential for contributing to a decrease in the high level of error in the dissemination of charitable giving figures. The following list includes the entities and their overall grades. The details of the evaluation of each entity are presented in the last section of this chapter.

Entities Involved in the Measurement of Philanthropy:

F U.S. Government Internal Revenue Service Form 990

D- Urban Institute efforts, both in cooperation with the U.S. Government and independently

³ “AP Facts and Figures”; Associated Press; <http://www.ap.org/pages/aptoday/aptoday_fact_fig.html>; p. 1 of 12/14/01 4:53 PM printout.

⁴ “Walter Cronkite Lays Down His Pen”; Reuters, Los Angeles quoted in MSNBC.com; <<http://msnbc.msn.com/id/5727906/>>; p. 1 of 8/17/04 8:12 AM printout.

- D+** U.S. Government efforts to secure and disseminate philanthropy information
- F** Associated Press reporting of philanthropy
- F** Universities with philanthropy centers
- F** National Bureau of Economic Research
- C** *The Statistical Abstract of the United States*
- F** Trade Magazines: *The Chronicle of Philanthropy* Philanthropy 400 and *The NonProfit Times* NPT 100
- D-** Advisory Committees to the *Giving USA* and *Giving and Volunteering in the United States* publications
- D-** Foundation efforts in the area of the measurement of philanthropy
- F** The American Association of Fundraising Counsel Trust for Philanthropy's *Giving USA* Foundation's *Giving USA* reports, researched and written, under contract, at the Indiana University Center on Philanthropy
- F** Independent Sector's *Giving and Volunteering in the United States* series, *Balancing the Scales*, and *The New Nonprofit Almanac and Desk Reference*

Grades for each of the twelve groups were given in several categories. The categories and standards of evaluation were as follows.

Adjustments for Population and Income. Does the entity address issues related to the adjustment of aggregate philanthropic figures for changes in U.S. population and income?

Emphasizes Living Individuals. Does the entity clearly emphasize giving by living individuals?

Treatment of Religion. Does the entity treat the category of religion, the single largest charitable category, in a reasonable and comprehensive fashion?

Annual Measurement. Does the entity address issues related to, and provide regular information on, the annual measurement of philanthropy?

Report Available for Timely Review. If the entity issues a report, does it make that full report available for review by researchers at the same time that it makes news of the report available to the general public via press releases or other announcements?

Distance from For-Profit Counsel. Does the entity have sufficient independence and distance from the influence and agenda of groups involved in fundraising on a for-profit basis that therefore may have a vested interest in the results of any measurement analysis?

Consistency over Time. Does the entity approach its work with a reasonable degree of consistency over a period of years?

Review of Major Questionable Findings. Does the entity review and reevaluate major findings in the entity's published reports that are questioned or challenged by others in the field?

Availability of Data. Does the entity publish or otherwise make its data available to researchers for independent analysis?

Validity of Data. Does the entity take comprehensive steps to insure and maximize the likelihood of valid, integrated data for its measurement of philanthropy?

Grade Standards. Each entity involved with the measurement of philanthropy that was evaluated was issued a grade in each of the relevant categories. The grades for each category were then averaged, and an overall grade issued. An “A” was measured at 95, a “B” at 85, a “C” at 75, a “D” at 65, and an “F” at 30.⁵

Recommendations. Several steps could be taken to improve the reporting of philanthropy in the United States. Some are fairly simple to implement. Others would require more of an investment, both financial and academic.

Funding the Solutions. For these suggestions to be useful, the reader must be assured that they are feasible. To be feasible, these efforts will need to be funded. A budget could be available from either of two sources to underwrite efforts to improve the measurement of philanthropy in the United States.

The first option is the excise tax levied on foundations by the U.S. Government in 1969. The purpose of this tax, according to Pablo Eisenberg of the Georgetown University Public Policy Institute, was “to use the income to regulate tax-exempt organizations and handle the myriad administrative tasks associated with them. But things didn’t work out that way. That income has gone into the general treasury.” Eisenberg argues that redirecting the tax to the Internal Revenue Service’s oversight of nonprofits could not only provide for regulation and supervision, but also help to make the collected data available for purposes of public accountability.⁶

Another potential funding source would be pooled funds from foundations for a “Foundation Research Service.” A model can be found in the Congressional Research Service, which is designed to provide “comprehensive and reliable analysis, research and information services that are timely, objective, unbiased, and confidential.”⁷ Since 1987, at least 31 foundations have spent some unspecified millions of dollars on the measurement of philanthropy. Yet, there has been little effective evaluation or accountability that would improve the giving estimates produced by this funding. The Foundation Research Service could provide coordinated objective analysis of reports issued by grantees, including research on issues related to the measurement of philanthropy. The Foundation Research Service could provide evaluation of additional categories of research, particularly those that receive funding from multiple foundations. The Foundation Research Service could also keep track of whether reports funded by foundations were published in a timely fashion—or whether these reports were published at all. It is important that foundations that facilitate the identification of, or help recruit, funding partners not use the multi-foundation nature of a project to diffuse and avoid clear lines of responsibility and accountability.

⁵ Although not employing the commonly used zero for the F grade, this fourth Report Card moves from 55 to a value of 30 for an F, in order to better reflect the current level of philanthropy measurement, including dissemination.

⁶ Pablo Eisenberg, “How to Help the IRS Improve Charity Oversight,” *The Chronicle of Philanthropy*, October 18, 2001, p. 34.

⁷ “CRS Employment Home Page — What’s CRS: History and Mission”; <<http://lcweb.loc.gov/crsinfo/whatscrs.html#org>>; p. 1 of 10/4/01 12:10 PM printout.

Adjustment for Population and Income for the General Public Audience. As discussed in chapter one of this volume, the type of measurement of charitable giving defines the type of information that results. If church member contributions are measured in dollars, then the figures provide a limited measure of how much church institutions have to spend. If the contributions are measured as a portion of income, then the figures indicate the value that the church member donor places on the contribution in the context of the resources available to him or her.

In the same way, whether philanthropy measures are reported in aggregate numbers or in per capita numbers defines the quality of information that is being conveyed.

To provide the best measure of charitable giving levels, data should be presented in per capita dollars, and as a portion of after-tax income. These standards account for changes in population and in income. A more accurate picture of the public's level of giving results. Similar national statistical reports emphasize the percentage of the national population that, for example, smokes or has high blood pressure, rather than the aggregate number of people involved.

Confusion exists in the measurement and reporting of philanthropy because the audience for the information is not well defined. The needs of the general public are different than the interests of those involved in the profession of fundraising. Consider that religion is the single largest charitable giving category, and attendance at houses of worship is highly correlated with charitable giving behavior.⁸ A pastor or lay leader of a congregation will use individual giving levels as a portion of income to “see how they are doing” compared to average individual giving levels. Yet public discussion of philanthropy is routinely conducted in terms of the professional fundraisers' concerns about the aggregate billions of dollars raised.

The fact that the fundraising profession has different interests than the public was expressed by two experts in the field. Ann E. Kaplan, then editor of *Giving USA*, was asked about the value of waiting to issue giving estimates in order to provide more precise information when more reliable data became available. “Ms. Kaplan says that approach is not appealing. ‘The longer you wait,’ she says, ‘the more accurate the data, but when you’re fund raising and making public-policy decisions it’s hard to wait.’”⁹

The Center on Philanthropy at Indiana University studies the area of philanthropy, and also offers courses to professional fundraisers. The Philanthropic Giving Index is produced by the Center on Philanthropy. This index is a nationwide survey of fundraisers and consultants. One aspect of the Index is to measure the optimism of fundraisers. The Center on Philanthropy has recently been researching, writing, and editing *Giving USA* under contract with the American Association of Fundraising Counsel. *The NonProfit Times* interviewed Eugene R. Tempel, executive director of the Center on Philanthropy. The interview referred to the *Giving USA* estimates as a validation of the optimism expressed in the Philanthropic

⁸ Arthur D. Kirsch, et al., *Giving and Volunteering in the United States 1999 Edition* (Washington, DC: Independent Sector, 2002), pp. 84-85.

⁹Harvy Lipman, “Report’s Numbers Are No True Measure of Charity, Critics Say,” *The Chronicle of Philanthropy*, June 3, 1999, p. 30.

Giving Index. ““Fundraisers may be optimistic people,’ he said, noting that such an outlook helps them keep going after failed solicitations.”¹⁰

The fundraiser is motivated by having an optimistic report of aggregate billions of dollars raised, unadjusted for population and income. The denominational leader or pastor needs to know if his or her people are being as faithful in giving as they could be. That faithfulness is measured by the portion of income the church member decides to donate to the church rather than spend elsewhere.

Adjusting Media Reports for Population and the Economy. Trade estimates of fundraising may do their constituents a service by providing them with encouragement and overly positive information that fosters their optimism. However, the media reports the *Giving USA* series—statistics that have been historically funded and influenced by a professional trade group of for-profit fundraisers, the American Association of Fundraising Counsel, Inc.—to the general public as an objective measure of fundraising levels in the United States.

The headlines routinely reflect the upbeat tone of the *Giving USA* press releases in terms of aggregate billions of dollars raised. Consider the 2002, 2003, and 2004 editions of *Giving USA*.

The headline on its *Giving USA 2002* press release read, “Charitable Giving Reaches \$212 Billion.”¹¹ This headline was echoed in Stephanie Strom’s *New York Times* story titled, “Charitable Contributions in 2001 Reached \$212 Billion.”¹² Matthew Sinclair of *The NonProfit Times* wrote, “Giving Hit \$212 Billion; Individual Donors Led The Way.”¹³ The headline in the Associated Press story by Helena Payne declared, “2001 Charitable Giving Same As 2000.”¹⁴

Only the headline in the story by Nicole Lewis of *The Chronicle of Philanthropy* reflected the entire AAFRC press release as it announced, “Charitable Giving Slides.”¹⁵

The third paragraph on page one of the AAFRC press release read, “The 2001 total is an increase of one-half of one percent (0.5 percent) over the \$210.89 billion now estimated for total giving in 2000. Adjusted for inflation, giving in 2001 is a decrease of 2.3 percent compared to the previous year.”

A similar emphasis on unadjusted aggregate billions of dollars raised was evident with the release of *Giving USA 2003*. The headline of the Association of Fundraising Counsel’s

¹⁰Matthew Sinclair, “Giving Attitudes: Survey Shows Drop in Optimism,” *The NonProfit Times*, Feb. 2001, p. 32.

¹¹ AAFRC, “Charitable Giving Reaches \$212 Billion,” <<http://www.aafc.com/press3.html>>; 9/26/02 2:06 PM printout.

¹² Stephanie Strom; “Charitable Contributions in 2001 Reached \$212 Billion”; *New York Times*; published June 21, 2002; <<http://www.nytimes.com/2002/06/21/national/21CHAR.html?pagewanted=print&position=bottom>>;

¹³ Matthew Sinclair, “Giving Hit \$212 Billion; Individual Donors Led The Way,” *The NonProfit Times*, July 1, 2002, p. 1.

¹⁴ 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.

¹⁵ Nicole Lewis, “Charitable Giving Slides,” *Chronicle of Philanthropy*, June 27, 2002, p. 27.

(AAFRC) Indianapolis, IN press release read, “Charity Holds Its Own in Tough Times: Giving in 2002 Nears \$241 billion, 1 Percent above New Figures for 2001.”¹⁶

Of the major media that were reviewed, including trade magazines and newspapers with fulltime, dedicated philanthropy reporters, none bannered the 2002 data in *Giving USA 2003* as adjusted for population and income. The headline of the Associated Press’ article by Mark Jewell, datelined Indianapolis, announced, “Donations Held Steady in 2002.”¹⁷ *The New York Times* headline of a story by Stephanie Strom read, “Gifts to Charity in 2002 Stayed Unexpectedly High.”¹⁸ In the *International Herald Tribune*, a version of the same *New York Times* story was headlined, “Americans Remain Generous: Sweet Charity,”¹⁹ *The NonProfit Times*’ Matthew Sinclair wrote an article under the headline, “Giving Hits Record \$240.9 Billion.”²⁰ The *Mercury News*’ headline of a story by John Boudreau stated, “Giving Increased Slightly in 2002.”²¹ The Direct Marketing Association’s June 23, 2003 article on *Giving USA* was headlined, “Charitable Giving Increases In 2002, ‘Giving USA’ Reports.”²² Not focusing on giving adjusted for population and income, the headline of a *Chronicle of Philanthropy* article by Harvy Lipman read, “Giving in 2002 Didn’t Outpace Inflation, Report Says.”²³

The media in general has not carried out a critical review of AAFRC’s public relations efforts that emphasize aggregate billions of dollars raised. For example, to its credit, AAFRC added a new table category in *Giving USA 2003*. On page 201, it listed Individual giving as a percent of both personal income and disposable (after-tax) personal income. This information indicated that Individual giving declined as a percent of both categories. The media could have calculated this number, or if the media had asked, AAFRC presumably would have told them that Individual giving as a portion of disposable personal income posted a –5 percent decrease from 2001 to 2002 from the 2001 base.²⁴ That fact conveys different news than the headlines suggested.

¹⁶ AAFRC Trust for Philanthropy, “Charity Holds Its Own in Tough Times: Giving in 2002 Nears \$241 billion, 1 Percent above New Figures for 2001” (Indianapolis, IN: AAFRC Trust for Philanthropy, June 23, 2003), p. 1.

¹⁷ 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.

¹⁸ Stephanie Strom; “Gifts to Charity in 2002 Stayed Unexpectedly High”; *New York Times*; published June 23, 2002; <<http://www.nytimes.com/2003/06/23/national/23CHAR.html?pagewanted=print&position=>>>; p. 1 of 6/26/03 11:00 AM printout.

¹⁹ “Americans Remain Generous: Sweet Charity,” *International Herald Tribune*; June 28, 2003; <[http://www.iht.com/ihsearch.php?id=101030&owner=\(NYT\)&date=2003060050958](http://www.iht.com/ihsearch.php?id=101030&owner=(NYT)&date=2003060050958)>; p. 1 of 6/30/03 8:12 AM printout.

²⁰ Matthew Sinclair, “Giving Hits Record \$240.9 Billion,” *NonProfit Times*, July 1, 2003, p. 1.

²¹ John Boudreau; “Giving Increased Slightly in 2002”; *Mercury News*; published June 23, 2003; <<http://www.bayarea.com/mld/mercurynews/business/6150439.htm>>; p. 1 of 6/26/03 9:07 AM printout.

²² “Charitable Giving Increases In 2002, ‘Giving USA’ Reports”; The Direct Marketing Association; published June 23, 2003; <<http://www.the-dma.org/cgi/dispnewsstand?article=1267>>; p. 1 of 6/26/03 8:53 AM printout.

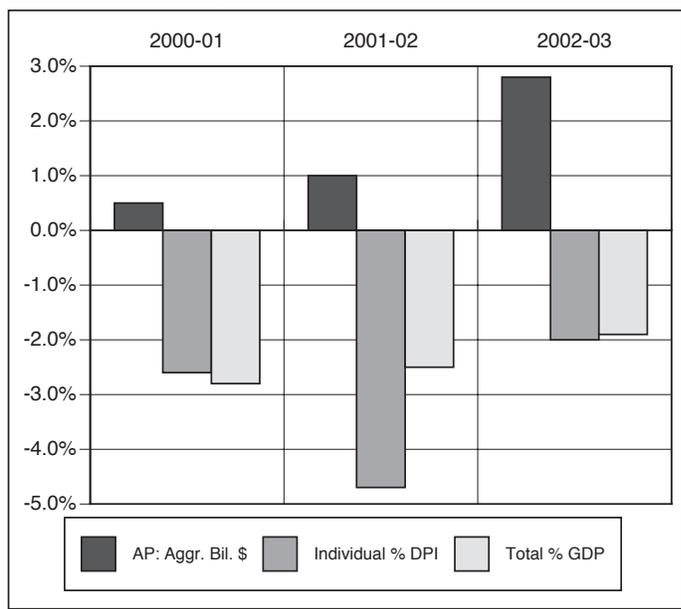
²³ Harvy Lipman, “Giving in 2002 Didn’t Outpace Inflation, Report Says,” *Chronicle of Philanthropy*, June 26, 2003, p. 7.

²⁴ Center on Philanthropy at Indiana University, *Giving USA 2003* (New York: AAFRC Trust for Philanthropy, 2003), p. 201.

The pattern observed in past years continued for *Giving USA 2004*. The Associated Press June 21, 2004, story, with the headline, “Charitable Giving Rises in 2003,”²⁵ closely reflected the optimism of the American Association of Fundraising Council Trust June 21, 2004, press release for *Giving USA 2004* that led with the headline and subhead of “Americans Give \$241 Billion To Charity In 2003,” and “2.8 percent growth in contributions is highest rate seen since 2000,” respectively.²⁶ This message was also reflected in the reporting, with the AP article’s lead sentence announcing that “charitable giving in the United States last year rose by the highest rate in three years...” The first mention of a percentage change, that is, in the second sentence of the second paragraph, read, “Researched by the Center on Philanthropy at Indiana University, the survey showed a 2.8 percent increase over 2002, when giving amounted to \$234.1 billion.”²⁷

Yet, when considered as a percent of either per capita Disposable Personal Income (DPI), or Gross Domestic Product (GDP), charitable giving actually declined from 2002 to 2003.

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



Source: Associated Press; *Giving USA* data; U.S. BEA data; empty tomb analysis empty tomb, inc. 2004

Thus, the question may be asked, did AP present a balanced picture to readers who depend on the Associated Press for their information? Per capita DPI takes both population and after-tax income changes into account. The GDP measure takes changes in the economy into account.

The 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 18.

Figure 18 illustrates the disparity in the category reported by the AP and the other two categories.

In 2002, 2003, and 2004, the AP headline uncritically reflected the aggregate billions of dollars

²⁵ 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.

²⁶ American Association of Fundraising Council; “Press Releases: Featured Press Release from AAFRC Trust for Philanthropy: Americans Give \$241 Billion To Charity In 2003”; published June 21, 2004; <http://www.aafrc.org/press_releases/>; p. 1 of 7/5/04 1:27 PM printout, and American Association of Fundraising Council; “AAFRC Trust Press Releases: Americans Give \$241 Billion To Charity In 2003”; published 2004; <http://www.aafrc.org/press_releases/trustreleases/americansgive.html>; p. 1 of 6/25/04 4:18 PM printout.

²⁷ Locke; <<http://www.washingtonpost.com/wp-dyn/articles/A56830-2004Jun21.html>>; p. 1 of 6/25/04 4:56 PM printout.

Table 18: Associated Press Reported Aggregate Changes, Americans' Individual Giving Changes as % of Disposable Personal Income, and Total Giving Changes as % of Gross Domestic Product, 2000-2003, from Prior Year's Base: Giving Data from *Giving USA* 2002, 2003, and 2004

<i>Giving USA</i> Edition	<i>Giving USA</i> Data Interval	Associated Press: First Percent Change from Previous Year Listed in AP Story: Aggregate Billions \$ ²⁸	Per Capita Individual Giving as % of Per Capita Disposable Personal Income: % Change from Base Year ²⁹	Total Giving as % of Gross Domestic Product: % change from Base Year ³⁰	AP Headline	AP Byline	AP Dateline
2002	2000-01	0.50%	-2.60%	-2.80%	"2001 Charitable Giving Same As 2000"	Helena Payne	New York
2003	2001-02	1.00%	-4.70%	-2.50%	"Donations Held Steady in 2002"	Mark Jewell	Indianapolis
2004	2002-03	2.80%	-2.00%	-1.90%	"Charitable Giving Rises in 2003"	Kendra Locke	New York

raised, as emphasized in the related AAFRC *Giving USA* press release. However, in all three years, the available *Giving USA* data indicated that charitable giving actually declined from one year to the next, when considered as a percent of Disposable Personal Income or Gross National Product.

²⁸ The references for the Associated Press stories for the 2001-01, 2001-2002, and 2002-2003 "Associated Press: First Percentage Change Listed in Story" percentages are the same as references for the stories by Helena Payne, Mark Jewell, and Kendra Locke documented earlier in this chapter.

²⁹ 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 Disposable Per Capita 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; Ó 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 interval 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, and last revised on May 27, 2004. The aggregate Individual giving sources for the 2000-01, 2001-02, and 2002-03 intervals were the 2002 (p. 169), 2003 (p. 194), and 2004 (p. 218) *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.

³⁰ 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, and 2002-03 intervals were the 2002 (p. 169), 2003 (p. 194), and 2004 (p. 218) *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 interval was as noted above with the exceptions that the table was numbered Table 1.1.5 rather than 1.1, accessed on June 30, 2004, and last revised on May 27, 2004.

Aggregate giving of total philanthropy is also different from individual giving figures. Although the American public thinks of “giving” generally in terms of individual giving, the media does not make a distinction between AAFRC’s total contributions numbers, that also include gifts from bequests, corporations and foundations, and individual-only numbers. Giving from Individuals was 74.5% of Total Contributions, according to *Giving USA 2004*. Giving from Individuals and Corporations are the two categories that track giving from living donors, making current decisions about their own resources. Of the combined billions given by Individuals and Corporations reported in *Giving USA 2004* for 2003, donations from Individuals represented 93%.³¹

To obtain a meaningful measure of the public’s participation in philanthropy, population and economic factors also need to be included and reported in more than a passing mention, lost in the preoccupation with aggregate numbers that present an overly rosy picture. Although AAFRC used to provide a *Giving USA* breakdown by source of donations (individual, bequest, corporation, foundation) for each recipient sector (such as religion, education, etc.), it has not done so for the past several years. Since individual giving is estimated to constitute the bulk of all giving, an analysis of individual giving in light of these factors is important.

The media could develop generally accepted standards for the reporting of philanthropy. Some major newspapers, syndicated services and national newsweeklies have designated philanthropy reporters: *The Atlanta Constitution-Journal/Cox News Service*; *The Dallas Morning News*; *The New York Times*; *The San Jose Mercury News*; *The Wall Street Journal*; and *The Washington Post*. These and other reporters should be sensitized to the need for adjustments regarding changes in population and disposable personal income as they report on philanthropy numbers.

Changes in Form 990. The Internal Revenue Service requires any tax-exempt group registered as a 501(c)(3) charitable organization that normally has more than \$25,000 in annual income, and is not an exception under defined criteria, to file a Form 990 each year. Three changes in the information requested by the Internal Revenue Service’s Form 990 would assist in improving the measurement of philanthropy in the United States. The recommendations about contributions from living donors, and the self-definition of organizations, are developed more fully under the section on recommendations related to the Urban Institute that follows.

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 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. Individual giving, in addition to bequests, corporations (businesses), and foundations, the four categories tracked in the *Giving USA* series, could be one of four options for the organization to choose when reporting contributions by source.

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

³¹ empty tomb, inc. analysis of *Giving USA 2004*, p. 218 data.

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 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.

Contributions by Source. Form 990 does not now, but should, request that organizations provide donation information based on source of contributions. If the Form 990 were to collect this information from organizations defined by standard recipient categories, the information could serve as a validation test for the *Giving USA* series and other survey-based giving data. A policy decision is needed to measure contributions to recipient categories (religion, education, etc.) by source of donations. Currently, the standard source categories reported by *Giving USA*, which could be used by Form 990, are individuals, bequests, corporations (businesses), and foundations.

Recommendations Related to the Urban Institute. The Urban Institute is involved in a variety of ways in the measurement of philanthropy. Several actions could be taken by this group to improve the national collection of giving data.

Changes in the Urban Institute’s Unified Chart of Accounts to Account for Donations by Living Individuals. The Urban Institute provides a permanent home for the Unified Chart of Accounts (UCOA),³² “designed so that nonprofits can...**quickly and reliably translate their financial statements into the categories required by the IRS Form 990**, the federal Office of Management and Budget, and into other standard reporting formats. UCOA also seeks to...promote uniform accounting practices throughout the nonprofit sector” (bold emphasis in original).³³

1. A critical weakness in the UCOA is its treatment of individual giving. This category is combined with “small businesses” in category “4010-xxx,” to be reported on Form 990 Line Number 1a. The UCOA provides that gifts from individuals, whether designated, pledged or undesignated, be included on the same line as gifts from small businesses, including commercial co-ventures. In order to obtain a clear measure of individual giving, Account Number 4010-xxx should be reserved for individuals. “Small businesses” should be moved either to a new or some existing account series, such as “4210-xxx, Corporate and other business grants.”

³²Russy 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. 211, Note.

³³“The Unified Chart of Accounts”; National Center for Charitable Statistics, Urban Institute; <<http://nccs.urban.org/ucoa/nccs-ucoa.htm>>; p. 1 of 8/20/01 3:18 PM printout.

Part of the rationale for this separation in the reporting of individuals and small businesses is the definition of “small business.” Contributions from small businesses are often not the type that can be compared with the IRS *Statistics of Income Bulletin*’s Table 1:—Individual Income Tax Returns “Itemized deductions” for “Charitable contributions.” The Small Business Administration indicates that “Approximately 95% of all businesses are eligible for SBA [Small Business Administration] assistance.”³⁴ The Small Business Administration has size standards that include: 500 employees for most manufacturing and mining industries; 100 employees for all wholesale trade industries; \$5°million for most retail and service industries;³⁵ 4 million megawatt hours for energy producing companies; and \$100 million in assets for banks or similar institutions.³⁶

If the Form 990 is ever going to provide a clear set of data on giving by living individuals, then the data must be separated from this wide spectrum of additional sources of business donations. To assist organizations in classifying donations, incorporated businesses that make deductible charitable contributions could be required to identify in a clear, standardized and regulated fashion that the gift comes from an incorporated business. In this way, the organization can easily attribute the gift to the appropriate bookkeeping/accounting category, which will subsequently be used for Form 990 reporting purposes.

2. Form 1040 (Individual Return) Schedules A and C and Form 1065 (Partnership Return) should also be changed. Currently contributions made through certain businesses, specifically sole proprietorships or partnerships, can be reported on Schedule A for Form 1040. Gifts from such businesses might best be deducted on the business’s tax return on Form 1065 rather than the individual’s return. A precedent for separating personal and business contributions is found in the treatment of “Car and Truck Expenses” in the “Tax Guide for Small Business.” The Tax Guide reads “If you have an expense that is partly for business and partly personal, separate the personal part from the business part.”³⁷ If not changed, then the individual donor should be required to indicate to the organization that the gift will be reported as an individual, rather than business, contribution so that the organization can attribute the gift accordingly.

3. “Contributions through commercial co-ventures” should be moved to the corporate/business UCOA account number. Income from such co-ventures cannot validly be compared with the IRS *Statistics of Income Bulletin*’s Table 1:—Individual Income Tax Returns “Itemized deductions” for “Charitable contributions.” Commercial co-ventures can involve millions of dollars to nonprofits in exchange for positive marketing results for the company. While the arrangement may be a legitimate symbiotic relationship, it cannot be compared with the type of philanthropy normally assumed to be defined by the term “individual giving.”

³⁴U.S. Small Business Administration; “Small Business Resource Guide”; “startup pdf”; created Thu, Apr 6, 2000, 9:24 PM; downloaded from: <<http://www.sba.gov/starting/startup.pdf>>; p. 38.

³⁵U.S. Small Business Administration, Office of Size Standards; “Frequently Asked Questions (FAQs)”; <<http://www.sba.gov/size/indexfaqs.html>>; p. 1 of 9/13/01 8:00 AM printout.

³⁶U.S. Small Business Administration; “Small Business Size Standards: Matched to North American Industry Classification System (NAICS) Codes Effective December 21, 2000”; <<http://www.sba.gov/size/Table-of-Small-Business-Size-Standards-from-final-rule.html>>; pp. 4 and 23 of 9/12/01 2:43 PM printout.

³⁷Internal Revenue Service, “Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ): For use in preparing 2000 Returns,” Publication 334, Cat. No. 11063P, p. 26.

Any effort to change the Form 990 to yield an accurate measure of the level of giving from living individuals will be impeded to the extent that the Uniform Chart of Accounts, being championed by the Urban Institute for use by nonprofit organizations as a standard basis for bookkeeping categories, is structurally designed not to collect information specifically about giving by living individuals.

Categorization of organization by self-description of purpose and governance. 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."³⁸ 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."³⁹

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. The codes provide 300 activities under 19 general categories.⁴⁰

The National Taxonomy for Exempt Entities contains ten core categories from which a nonprofit organization could select 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).

³⁸Jennifer Moore, "Charity Group Backs Overhaul of Tax Form," *The Chronicle of Philanthropy*, November 30, 1993, pp. 34-35.

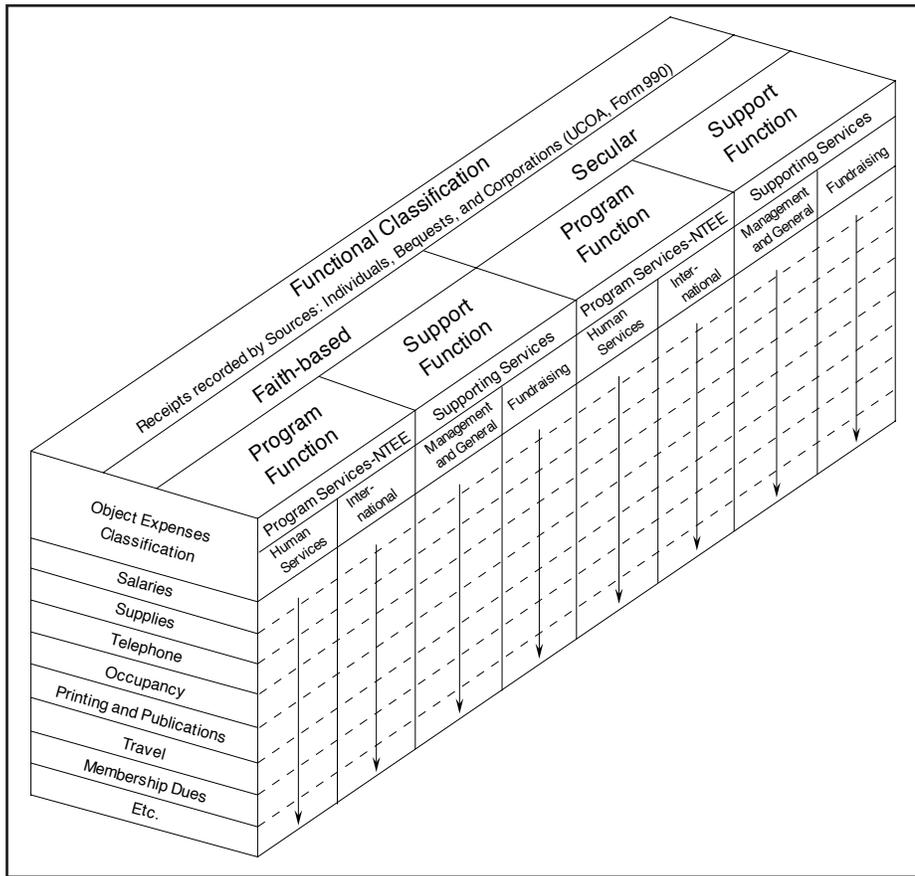
³⁹Virginia Hodgkinson, et al., *A Portrait of the Independent Sector: The Activities and Finances of Charitable Organizations*, (Washington, DC: Independent Sector, 1993), p. 80.

⁴⁰Internal 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.

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.⁴¹ 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 19).

Do Not Count Donations from Private Foundations. This recommendation is made persuasively in a 1993 paper by Hayden Smith. He noted that it is understandable that AAFRC, in its *Giving USA* series for example, would include contributions to private foundations as charitable giving. Yet he developed the position that it is a mistake to include

Figure 19: Account Classification Application with Faith-based/Secular Governance Option Included



Source: Adaptation of graphic in Sumariwalla and Levis

empty tomb graphic 2001

⁴¹Sumariwalla and Levis, p. 41.

the donations from foundations in a measure of the current flow of Total Contributions, writing in part:

However, if we are thinking about the flow of contributions and bequests from outside the charitable community, it is a mistake to include private foundation grants in our measure of total philanthropy, for one simple reason: private foundations themselves are charitable organizations and they are the recipients of gifts and bequests from individuals and families as well as makers of grants to other charities. By including them, we double-count some of the dollars that flow from donors to ultimate donations. . . Perfect validity requests that grants made out of the income generated from the investment of foundation assets, or any transfers of those assets to other charities, should not be included as part of the current flow of charitable giving.⁴²

A Commission on Private Philanthropy and Public Needs. A standing United States Commission on Private Philanthropy and Public needs was recommended in previous volumes of *The State of Church Giving* series. A recommendation for such a commission by Act of Congress was a finding of the original Commission on Private Philanthropy and Public Needs, also known as the Filer Commission. Details of that proposal are outlined in the Commission's report.⁴³ Among the recommendations were that the Commission's chair and 12 additional members would be appointed by the President of the United States, all subject to senatorial confirmation. These 13 appointees would name an additional 12 members. The term of the Commission would be permanent. The focus of the Commission was described in the Filer Commission Report as follows.

Among other purposes and roles of the commission would be continuous collection of data on the sources and uses of the resources of the nonprofit sector; exploring and proposing ways of strengthening private giving and nonprofit activity; providing a forum for public discussion of issues affecting, and for commentary concerning, the nonprofit sector; studying the existing relationships between government and the nonprofit sector and acting as an ombudsman in protecting the interests of the sector as affected by government.⁴⁴

The Commission could also assist in developing standards for the reporting of philanthropy data, facilitating changes in Form 990 to yield giving data by living individuals, and assisting in the dissemination of Form 990 data in an effort to increase the public accountability of nonprofit organizations. The Commission ought to involve academic economists of the highest caliber, who are well versed in national economic accounting and the development of the National Income and Products Accounts of the United States, including those who would have a link to the Council of Economic Advisors, and the Internal Revenue Service Form 990, as well as those who could influence the National Bureau of Economic Research to assist with the improvement of the measure of philanthropy.

Journal of Philanthropy Measurement. A peer-reviewed journal on the topic of philanthropy measurement is needed to raise the reporting standards in this field of study. The journal would be dedicated to obtaining sound annual estimates of philanthropy in the United States. The Hauser Center for Nonprofit Organizations housed at Harvard University's

⁴² Smith, *Voluntas*, p. 253.

⁴³ Commission on Private Philanthropy and Public Needs, *Giving in America: Toward a Stronger Voluntary Sector: Report of the Commission on Private Philanthropy and Public Needs* (n.p.: Commission on Private Philanthropy and Public Needs, 1975), pp. 191-193.

⁴⁴ Commission on Private Philanthropy and Public Needs, p. 27.

John F. Kennedy School of Government would be one logical place in which to house such a journal. The Hauser Center was designed to take a broader view of the field of philanthropy. As reported in the May 1, 1997 issue of *The Chronicle of Philanthropy*, “Harvard officials say that after they examined the existing academic centers in the field, they felt that many were parochial in their approach.”⁴⁵

NBER. The National Bureau of Economic Research needs to be encouraged to elevate the study of the nonprofit sector to a standing program, instead of only issuing occasional papers.

USBEA. The U.S. Department of Commerce, Bureau of Economic Analysis National Income and Product Accounts should expand its analysis of the nonprofit sector.

Giving Estimates by Giving USA. By far, the most commonly quoted estimates of giving are produced by the American Association of Fundraising Counsel Trust for Philanthropy and published in its *Giving USA* series. The general opinion seems to be that while the numbers may not be great, they’re the best that’s available.

Patrick Rooney, the Center on Philanthropy at Indiana University’s director of research, oversees the production of *Giving USA* for the AAFRC Trust for Philanthropy. Noting the variety of estimates available, he concluded, “We think this is one of the best.”⁴⁶

“Best” appears to be a relative term. Peter Dobkin Hall, a Harvard University John F. Kennedy School of Government lecturer, noted that the projections in *Giving USA* produce “soft numbers at best. They’re probably jumping the gun by releasing them in such a high-profile way before the final numbers are in.” He went on, “We have neither solid data on giving or receiving,” concluding that *Giving USA* “is the best we have, but far from perfect.”⁴⁷

Testing the validity of the most recent *Giving USA* projections is indeed difficult to do in a timely fashion. A July 2003 *NonProfit Times* article on the release of *Giving USA 2003* and its estimates for 2002 cited Steve Zekoff of The United Methodist Church, which received \$5 billion in 2001, as saying that “because of reporting processes it was too early for a 2002 national tally of donations.”⁴⁸

Elizabeth Boris is the Urban Institute’s Center on Nonprofits and Philanthropy executive director. She expressed the opinion that, “I don’t think anyone associated with *Giving USA* would say these are real, true numbers, but they’re the best we have.”⁴⁹

In the area of philanthropy measurement, there is a curious willingness to accept something less than academic excellence. In fact, several recommendations could improve the presentation of *Giving USA* as a nationally cited source of giving information.

Adjust for Population and Income. The *Giving USA* publications and press releases continue to emphasize the aggregate billions of dollars raised each year.

⁴⁵*The Chronicle of Philanthropy*, May 1, 1997, p. 10.

⁴⁶ Jeff Jones, “Giving to Religion Beats Inflation—Again,” *The NonProfit Times*, July 1, 2003, p. 4.

⁴⁷ Harvy Lipman, “Giving in 2002 Didn’t Outpace Inflation, Report Says,” *The Chronicle of Philanthropy*, June 26, 2003, p. 18.

⁴⁸ Jones, 2003, p. 4.

⁴⁹ Lipman, June 26, 2003, p. 18.

The press releases have contained some information on giving adjusted for population and income. However, the primary emphasis of *Giving USA*'s announcements and presentation is evident in media reports on the increased aggregate billions of dollars raised from one year to the next.

Giving USA is theoretically in a position to lead the national discussion in a more informative direction, that is, one that both forthrightly and unabashedly acknowledges that changes in population and income are essential for understanding changes in giving levels, and emphasizes giving by living individuals. However, the *Giving USA* series steadfastly emphasizes overly optimistic estimates of percent changes in aggregate philanthropy totals. As noted earlier in this chapter, an analysis of *Giving USA 2004* giving data yielded the percent change from the base year in individual giving as a percent of Disposable Personal Income of -2.0% from 2002 to 2003, while the percent change from the base year in total giving as a percent of Gross Domestic Product was -1.9% from 2002 to 2003. Yet, in the Foreword to *Giving USA 2004*, the first mention of the percent change from 2002 to 2003 for any category referred to aggregate billions of dollars. This reference occurred in the lead sentence of the second paragraph of the *Giving USA 2004* Foreword—coauthored by Henry (Hank) Goldstein, CFRE, Chair, *Giving USA* Foundation, John J. Glier, Chair, AAFRC, and Eugene R. Tempel, Ed.D., CFRE, Executive Director, The Center on Philanthropy at Indiana University—and read, “Giving in 2003 grew 2.8 percent over the revised estimate for 2002 of \$234.09 billion.” (p. ii).

This overly optimistic leadership message was then transmitted in the American Association of Fundraising Counsel Trust June 21, 2004, Press Release with the headline and subhead of “Americans Give \$241 Billion To Charity In 2003,” and “2.8 percent growth in contributions is highest rate seen since 2000,” respectively.⁵⁰

Table 18 indicated that the Associated Press June 21, 2004, story followed the rosy *Giving USA* leadership message by asserting in the headline, “Charitable Giving Rises in 2003,” reporting in the lead sentence that “charitable giving in the United States last year rose by the highest rate in three years...,” and stating in the first mention of a percentage change, that is, in the second sentence of the second paragraph, “Researched by the Center on Philanthropy at Indiana University, the survey showed a 2.8 percent increase over 2002, when giving amounted to \$234.1 billion.”⁵¹

To continue to emphasize the aggregate billions raised is a serious flaw in *Giving USA*'s dissemination of its findings.

Systemic distortions are produced by *Giving USA*'s leadership Foreword, charting, and press release headline, subheadline, and initial paragraph emphases on aggregate data, unadjusted by changes in population and income. The results serve not to advance the scientific measurement of philanthropy so much as to provide measures of successful philanthropy. That upbeat measures of philanthropy are useful to motivate professional

⁵⁰ American Association of Fundraising Counsel; <http://www.aafrc.org/press_releases/>; p. 1 of 7/5/04 1:27 PM printout, and <http://www.aafrc.org/press_releases/trustreleases/americansgive.html>; p. 1 of 6/25/04 4:18 PM printout.

⁵¹ Locke; <<http://www.washingtonpost.com/wp-dyn/articles/A56830-2004Jun21.html>>; p. 1 of 6/25/04 4:56 PM printout.

fundraisers does not justify the lack of additional information designed to inform the general public through its news releases that are then widely reported via the Associated Press.

The field of philanthropy as a whole is faced with the decision as to whether it cherishes a motivational tool with a patina of scientific respectability that helps keep professional fundraisers in a positive frame of mind, or whether it values an in-depth, scientifically sound measurement of philanthropy that accurately informs the American public about their giving patterns. Focusing on giving by living individuals, adjusting for population and income, combined with efforts to obtain accurate data, move in the direction of the second option.

Detailed Giving USA Methodology for Individuals. Efforts to develop and articulate *Giving USA*'s methodology for estimating individual giving began in earnest with Ralph L. Nelson's *The Amount of Total Personal Giving in the United States 1948-1982 With Projections to 1985 Using the Personal-Giving Estimating Model* (United Way Institute, United Way of America) published in June 1986.

Lack of Publication of the Formula Used to Estimate Individual Giving. The formula, accompanying data, and definitions that were used to estimate individual giving provides the reader of *Giving USA* with a succinct way to comprehend what specific, if any, changes have been made in the method used to project individual giving. Starting with the 1997 edition of *Giving USA*, which included a third revision in the individual giving methodology, the formula was no longer published in *Giving USA*. The following few paragraphs elaborate on this point.

Giving USA issues 1988 through 1992 and 1994 through 1996 each included a formula for estimating individual giving. Also included in each of these issues were definitions of, and data for, the explanatory variables for the equation predicting individual giving. This discussion presents a rationale for reinstating the practice of contemporaneously including, in the Methodology section of each issue of *Giving USA*, the actual formula used to project individual giving along with the definitions of, and data for, the explanatory variables used.

Following is a listing of the equation as published in each of the above-mentioned editions, along with the page number that contains the definitions of, and data for, the explanatory variables. The explanation given in the 1993 edition of *Giving USA* is also provided in this list.

<i>Giving USA</i> Edition Year	Formula
1988	$\ln TPG = -23.501 + 1.025 \ln PI - 0.034 TIME + 2.410 \ln GAP + 0.086 \ln SPND + 0.014 PRES$ (p. 125)
1989	$\ln TPG = -24.151 + 1.030 \ln PI - 0.035 TIME + 2.468 \ln GAP + 0.084 \ln SPND + 0.014 PRES$ (p. 149)
1990	$\ln TPG = -23.501 + 1.025 \ln PI - 0.034 TIME + 2.410 \ln GAP + 0.086 \ln SPND + 0.014 PRES$ (p. 185)
1991	$\ln TPG = -23.501 + 1.025 \ln PI - 0.034 TIME + 2.410 \ln GAP + 0.086 \ln SPND + 0.014 PRES$ (p. 215)
1992	$\ln TPG = -30.4317 + 1.0249 \ln PI - 0.0339 TIME + 2.4098 \ln GAP + 0.0861 \ln SPND + 0.0137 PRES$ (p. 199)
1993	"The projection from 1991 to 1992 is based upon a weighted average of the seven separate annual growth rates over the 1984-1991 period. The most recent (1990-1991) growth rate received the highest weight (7). The first growth rate (1984-1985) received the lowest weight (1)" (p. 186).
1994	$\ln TPG = -4.555 + 0.993 \ln PI - 0.017 TIME + 0.237 SPND + 0.012 PRES - 0.009 EP$ (p. 180)
1995	$\ln TPG = -4.561 + 0.993 \ln PI - 0.017 TIME + 0.233 SPND + 0.015 PRES - 0.012 EP$ (p. 173)
1996	$\ln TPG = -4.625 + 1.001 \ln PI - 0.018 TIME + 0.234 SPND + 0.016 PRES - 0.023 EP$ (p. 197)

By way of illustration, the *Giving USA 1988* (p. 125) definitions of the variables used, and data for the explanatory variables, are presented here.

- In TPG = natural logarithm of Total Personal Giving measured in millions of dollars
- In PI = natural logarithm of Personal Income measured in billions of dollars
- TIME = time trend variable having a value of 1 for 1948, and increasing by 1 each year to a value of 38 for 1985, 39 for 1986, and 40 for 1987
- In GAP = natural logarithm of number of persons of age 35-64 (prime Giving Age Population)
- In SPND = natural logarithm of the November-December average of the Standard and Poor's 500-Stock Index (1943=10)
- PRES = political party of incumbent President, having a value of 1 if a Republican and 0 if a Democrat

Data for the five explanatory variables PI, TIME, GAP, SPND and PRES for 1985-1987 were:

Table 19: *Giving USA* Estimating Formula, Data for Five Variables, 1985-1987

	PI	TIME	GAP	SPND	PRES
1985	3,327.0	38	76,666	202.36	1
1986	3,534.3	39	78,055	246.85	1
1987	3,745.8	40	79,361	242.99	1

The *Giving USA 1988* Methodology section for “Giving by Individuals” then presents documentation for a reference to further detail after first clearly noting that, “Applying the above five factors to the PGEM equation, the PGEM estimate for 1985 total personal giving was \$65.94 billion, for 1986 it was \$72.03 billion, and for 1987 it was \$76.82 billion...”

This practice of publishing, within each year’s *Giving USA* Methodology section, the formula, definitions and data used to estimate individual giving has been discontinued. The 1997 through 2004 editions of *Giving USA* did not include the formula. While the Methodology sections of these editions note the categories considered in the Individual Giving estimate with varying degrees of detail, the weights, data used and detailed definitions for each factor are no longer provided. Since *Giving USA* has used six different “Models for Estimating Charitable Deductions in *Giving USA*” over the 15 editions of 1988 through 2002,⁵² it would be a courtesy to the reader to reinstate the practice of contemporaneous publication of the equation, definitions and referenced data used to estimate individual giving. Such a practice would allow the reader to understand readily from within the *Giving USA* Methodology whether an additional change in individual giving estimation methodology had taken place, and if so, the nature of any such change.

⁵² For 1992-2002 *Giving USA* editions, see Partha Deb, Mark Wilhelm, Patrick Rooney, and Melissa Brown; “Estimating Charitable Deductions in *Giving USA*”; published August 21, 2002; <<http://www.philanthropy.iupui.edu/Individual%20Estimates-Giving%20USA%202002.pdf>>; p. 19; 11/2003 printout. For 1988-91 as well as 1992-1996, see the above listing of the equations used to project individual giving.

Lack of Contemporaneous Methodology for Giving USA's Individual Giving: Giving USA 2003. Exacerbating the lack of publication within *Giving USA* of the specific formulae used for estimating individual giving is the lack of a detailed, contemporaneous publication of the full methodology used to estimate individual giving. Nonspecific references within *Giving USA* footnotes could readily be construed as suggesting that specific methodology for the current issue of *Giving USA* is available elsewhere. However, pursuit of those generally nonspecific references has led to the tentative conclusion that an adequate *Giving USA* methodology specific to a given edition has not been published at the same time as the publication of *Giving USA* itself. The following detailed paragraphs merely provide documentation for this finding.

The specific methodology and formulae for estimating giving by “Individuals” was not available at the time of publication of *Giving USA 2003*, according to its “Methodology” section. The significance of the methodology for estimating individual giving is seen from the fact that individual giving was estimated to have comprised 76.3% of all giving in the *Giving USA 2003* Annual Report (p. 8). A generic “Methodology” statement of factors utilized in estimating individual giving referred the reader to Note 3 on page 222 of the *Giving USA 2003* Annual Report, which read, “Partha Deb, Mark Wilhelm, Patrick Rooney and Melissa Brown, Estimating charitable deductions in *Giving USA, Nonprofit and Voluntary Sector Quarterly*, forthcoming. Working paper version at web site listed in Note 1.” Note 1 reads, “Technical papers will be available in Fall 2003 at www.philanthropy.iupui.edu, under the heading for Research, then Research Studies, then Giving USA.” It may be noted that it would reasonably be assumed that methodology, having been clearly thought out and articulated prior to the investigation and publication of findings, would be published contemporaneously with findings.

Lack of Contemporaneous Methodology for Giving USA's Individual Giving: Giving USA 2004. Likewise, the specific methodology and formulae for estimating individual giving by “Individuals” did not seem to be available at the time of publication of *Giving USA 2004*. Following is detail regarding this finding.

The “Methodology” section of *Giving USA 2004* (p. 233) states:

This section presents a review of the methods used to develop the estimates for giving in 2003. Those who want more information about *Giving USA* estimates for 1963 through 2003, details about the statistical techniques used in the estimating models for individual and corporate giving, or about the survey methodology and analysis should consult the Web site at the Center on Philanthropy at Indiana University for information about technical papers available [1].

Note 1 of *Giving USA 2004* (p. 245) states, “Technical papers available at www.philanthropy.iupui.edu, under the heading for Research, then Research Studies, then *Giving USA*.”

However, a July 19, 2004, review of <www.philanthropy.iupui.edu> indicated first of all that the Web site headings and routing did not correspond precisely to those presented in Note 1.

More importantly, the two technical papers found on the Web site, the ones presumably referred to in *Giving USA 2004* Note 1 (p. 245) were not specifically about either calendar year 2003 giving in general, or 2003 individual giving in particular.

The *Giving USA* section of the Web site contained three headings with links to documents. The first heading, “*Giving USA* Methodology for the 2001 Edition,” which did not seem to contain information specific to *Giving USA 2004*’s calendar year 2003 data, introduced the following information:

Giving USA estimates rely on a number of factors and steps. Among these are economic models that estimate giving by individuals and corporations, a study of foundation giving done by the Foundation Center, and an annual survey that asks nonprofit organizations about charitable gifts and bequest receipts. The methods used are described in Methodologies Used to Develop Estimates of the Sources of Giving and Contributions by Type of Recipient in *Giving USA 2001* for Charitable Contributions in 2000. This paper contains a two-page summary and a longer technical section. While this paper applies specifically to estimates for *Giving USA 2001*, the same methods were used in 2002 with very few changes. The most significant change was in the estimate of individual giving in 2002, as explained in the paper “Estimating Charitable Contributions in *Giving USA*.” More information about the survey for the 2002 edition will be available shortly.⁵³

The “Methodologies Used to Develop Estimates of the Sources of Giving and Contributions by Type of Recipient in *Giving USA 2001* for Charitable Contributions in 2000” title in the above paragraph was linked to a pdf paper⁵⁴ of the same name that was authored by Melissa S. Brown, Patrick M. Rooney, Ph.D., and Kathryn M. Steinberg, Ph.D., published by The Center on Philanthropy at Indiana University, and dated September 2002. The “Estimating Charitable Contributions in *Giving USA*” title was linked to a pdf paper⁵⁵ of the same name that was authored by Partha Deb, Mark Wilhelm, Patrick Rooney, and Melissa Brown, and dated August 21, 2002. Neither paper referred to the *Giving USA 2004* methodology for 2003.

The Web site’s *Giving USA* second heading, “*Giving USA* Methodology Studies,” which also did not seem to contain information specific to *Giving USA 2004*’s calendar year 2003 data, introduced the following information:

The Center on Philanthropy and the *Giving USA* Advisory Council on Methodology periodically review the estimating procedures used in *Giving USA* and make revisions as approved by the Advisory Council. The most recent revision was to the procedure used to estimate individual giving in *Giving USA 2002*. A technical paper by Partha Deb, Mark Wilhelm, Patrick Rooney, and Melissa Brown, “Estimating Charitable Contributions in *Giving USA*” provides details about the revision and why it was made. The Acrobat Reader is required.⁵⁶

The “Estimating Charitable Contributions in *Giving USA*” title was linked to the same pdf paper⁵⁷ dated August 21, 2002 and cited above, which was found in the “*Giving USA* Methodology for the 2001 Edition” section of the *Giving USA* Web page.

The Web site’s *Giving USA* third heading, “*Giving USA Update*,” which also did not seem to contain information specific to *Giving USA 2004*’s calendar year 2003 data, focused

⁵³ “*Giving USA*”; The Center on Philanthropy at Indiana University; <<http://www.philanthropy.iupui.edu/GUSA.htm>>; pp. 1-2 of 7/19/04 3:44 PM printout.

⁵⁴ <<http://www.philanthropy.iupui.edu/GivingUSA-Methodology-2001Edition.pdf>>

⁵⁵ Deb, et al.; <<http://www.philanthropy.iupui.edu/Individual%20Estimates-Giving%20USA%202002.pdf>>

⁵⁶ “*Giving USA*”; The Center on Philanthropy at Indiana University; <<http://www.philanthropy.iupui.edu/GUSA.htm>>; p. 2 of 7/19/04 3:44 PM printout.

⁵⁷ Deb, et al.; <<http://www.philanthropy.iupui.edu/Individual%20Estimates-Giving%20USA%202002.pdf>>.

on “planned gift commitments,” as indicated in the first sentence under this third heading, “The AAFRC Trust for Philanthropy published a quarterly update in April 2002 reporting findings about charitable gifts via bequest or via charitable remainder trust.”⁵⁸

A further *Giving USA 2004* Methodology statement, which is included under the “Sources of contributions” and “Individual giving” subheads in the printed edition, refers the reader to footnote 2. That Methodology statement (p. 233) reads:

Individual giving estimates for years before data are available from the Internal Revenue Service are based on a multiple regression estimating model that considers the historical relationship, going back to 1948, between charitable giving claimed on tax returns as itemized deductions and personal income, the stock market, and tax rates on income.[2].

Note 2 of *Giving USA 2004* (p. 245) states, “Working paper available, as referenced in note 1; or see P. Deb, M. Wilhelm, P. Rooney, and M. Brown, Estimating charitable giving, *Nonprofit and Voluntary Sector Quarterly*, Vol. 32, No. 4, December 2003.” The *Nonprofit and Voluntary Sector Quarterly* lists a Volume 32, Number 4, December 2003 article by Partha Deb, Mark O. Wilhelm, Patrick M. Rooney, and Melissa S. Brown by a different title, “Estimating Charitable Deductions in Giving USA.”⁵⁹ An Abstract for the *Nonprofit and Voluntary Sector Quarterly*, December 2003, vol. 32, no. 4, pp. 548-567(2) article by Deb P., Wilhelm M.O., Rooney P.M., and Brown M.S., entitled “Estimating Charitable Deductions in Giving USA,” was available on the Ingenta Web site. The first sentence of the Abstract, which suggested that the article did not explicitly refer to the *Giving USA 2004* formula, definitions and data used to project individual giving for 2003, reads, “*This article describes the model used in Giving USA 2002 to estimate charitable deductions in 2001 and explains the criteria by which that model was selected.*”⁶⁰

Apart from topics related to the availability of information within the Methodology section of any given *Giving USA* issue, minimal scholarly conventions suggest that the reader should be provided with specific, standard bibliographic references or URLs, accompanied by author, title, date, and page number information as appropriate, when referred to an external document, rather than suggesting that a reader look for unspecified “technical papers” or a “working paper” on a Web site.

Summary of Need for Improved Methodology. By way of recapitulation, it may be observed that five changes in the method for estimating individual giving occurred over an 11-year period, namely, in 1993, 1994, 1997, 2001, and 2002.

Deb, Wilhelm, Rooney, and Brown indicate that, “the transition to each new model has been based on sensible reasons,”⁶¹ and “the transitions to each of these models has had

⁵⁸ “*Giving USA*”; The Center on Philanthropy at Indiana University; <<http://www.philanthropy.iupui.edu/GUSA.htm>>; p. 2 of 7/19/04 3:44 PM printout.

⁵⁹ “NVSQ Tables of Content”; *Nonprofit and Voluntary Sector Quarterly*; <<http://www.spea.iupui.edu/nvsq/toc.html#Anchor-Volum-54253>>; pp. 9-10 of 8/19/04 4:35 PM printout.

⁶⁰ “Ingenta: Article Summary – Estimating Charitable Deductions in Giving USA”; Ingenta; <<http://www.ingenta.com/isis/browsing/TOC/ingenta;jsessionid=7q8s2vc9rwi3.crescent?issue=pubinfobike://sage/nvs/2003/00000032/00000004&index=3>>; p. 1 of 8/18/04 3:52 PM printout.

⁶¹ Deb, et al.; <<http://www.philanthropy.iupui.edu/Individual%20Estimates-Giving%20USA%202002.pdf>>; p. 4; 11/2003 printout.

reasonable a priori justifications...⁶² At the same time, Deb et al. observe, in relation to the individual giving estimation model introduced in the 1997 *Giving USA* edition, that, “The number of persons aged 35-64, the presence of a Republican president, and the time trend were dropped as explanatory variables. Indeed, theoretical reasons to suppose they are predictive of changes in TPG [Total Personal Giving] are not obvious.”⁶³

Given that, during the 1992 to 2002 period, there has been an average of one change every 2.2 years in *Giving USA*’s method for estimating individual giving—an amount approximately constituting at least an estimated three-quarters of all giving—a minimally reasonable step would be for each *Giving USA* edition to contemporaneously publish the formula, definitions and data used to estimate individual giving in that edition.

It would normatively be assumed that the formulae predicting individual giving, and/or its itemizer and nonitemizer giving components, would be defined prior to reviewing any related data. Routine publication of the formula used along with associated definitions and data would provide those using *Giving USA* with basic information regarding the methodology being used to project individual giving in any given year.

Such adherence to standard research protocol would contribute to helping build a reputation that overcomes that observed in an evaluation from one of The Commission on Private Philanthropy and Public Needs (Filer Commission) research papers published by the United States Treasury Department in 1977: “Our estimation method is described in Appendix D. In contrast to our systematic sampling procedure, the *Giving USA* total is based on a survey of major foundations. Their method of imputation for small foundations’ grants is not specified in their published reports; however, it appears, from the language used, that the AAFRC uses some undescribed rules of thumb and intuition to make its estimates of total foundation activity from the surveys of a relatively small number of large foundations.”⁶⁴

A Comparison of Estimates for Aggregate Giving to Religion. The largest category in philanthropy, as measured in *Giving USA* and other information sources, is religion. In 2002, according to *Giving USA 2004*, religion received 36% of all contributions, with Education receiving the next largest amount at 13%.⁶⁵ Therefore, any estimate of giving would be affected by the quality of the measurement of giving to religion.

The watershed Commission on Private Philanthropy and Public Needs of the 1970s, commonly referred to as the Filer Commission, produced an estimate of giving to religion.

⁶² Deb, et al.; <<http://www.philanthropy.iupui.edu/Individual%20Estimates-Giving%20USA%202002.pdf>>; p. 8; 11/2003 printout.

⁶³ Deb, et al.; <<http://www.philanthropy.iupui.edu/Individual%20Estimates-Giving%20USA%202002.pdf>>; p. 7; 11/2003 printout.

⁶⁴ Burton A. Weisbrod and Stephen H. Long, “The Size of the Voluntary Nonprofit Sector: Concepts and Measures,” *History, Trends, and Current Magnitudes*, Vol. 1 in the series, *Research Papers Sponsored by The Commission on Private Philanthropy and Public Needs* (Washington, DC: Department of Treasury, 1977), p. 360, n. 19.

⁶⁵ Center on Philanthropy at Indiana University, *Giving USA 2004* (New York: AAFRC Trust for Philanthropy, 2004), p. 10.

That report estimated that in 1974, giving to religion was \$11.7 billion.⁶⁶ This estimate was relatively close to the AAFRC estimate for 1974 of \$11.84 billion.⁶⁷

It would seem reasonable to follow a methodology for religion similar to that AAFRC used for the categories of education and health, in this case keying 1974 data to the Filer Commission estimate, and then calculate estimates for the years 1968 to 1973, and 1975 to 2002, based on an external source of data. The external source of data would reasonably be the same that AAFRC used to revise its religion data for 1987 forward: a set of denominations that publish data in the *Yearbook of American and Canadian Churches* series. This revised approach would remedy the estimates for those years, presumably from about 1977 to 1985 based on the data patterns, when AAFRC did not calculate a figure for religion, but rather considered it a “residual” category, having the religion category absorb the difference between AAFRC’s estimate of total contributions and the sum of AAFRC’s estimates for the other recipient categories.⁶⁸

The starting base in this approach would be the Filer Commission estimate of \$11.7 billion for 1974. The amount of change from year to year, calculated for 1968 to 1973 and also 1975 to 2002, would be the annual percentage change in the composite denomination set analyzed in other chapters of this report.⁶⁹ This calculation yielded a total of \$8.01 billion given to religion in 1968, and \$64.09 billion in 2002. These figures contrast with the AAFRC estimate of \$8.42 billion in 1968 and \$82.83 billion in 2002. Table 20 presents this data.

Comparing these two estimate series, one may observe that the two series are within a few percentage points of each other for two years on either side of 1974, the year of the Filer estimate to which the denominational-based series is keyed. AAFRC methodology does not indicate when religion became a residual recipient category, although the differences in the data series suggest a major change in AAFRC methodology took place between 1976 and 1977.

In 1982, while the denominational-based estimate series continues to change at a consistent rate, the AAFRC estimate series begins to expand more rapidly from year to year. The percentage difference grew from 17% in 1982 to 35% in 1989-1990. In 2002, the difference was 29%. AAFRC updates the aggregate *Giving USA* numbers each year by a percent from the previous year, and thus the later years continue to build on the data years when religion was a residual category, absorbing that portion of the estimated Total Contributions amount that could not be placed in another category.

A comparison of *Giving USA*’s estimate for Religion giving with other estimates of giving to Religion⁷⁰ would reasonably be predicated upon prior consideration and appropriate

⁶⁶Gabriel 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.

⁶⁷Center on Philanthropy at Indiana University, *Giving USA 2002* (New York: AAFRC Trust for Philanthropy, 2002), p. 171.

⁶⁸Nathan Weber, *Giving USA 1990*, (New York: AAFRC Trust for Philanthropy, 1990), 187.

⁶⁹For this comparison, the composite data set of denominations was adjusted for missing data.

⁷⁰For a comparison of a *Giving USA* Religion estimate of \$82.34 for the year 2002 with two additional estimates of Religion, see Melissa S. Brown, Joseph Claude Harris, and Patrick M. Rooney; July 2004; <http://www.philanthropy.iupui.edu/reconciling_estimates_religion.doc>; p. 1 of 8/13/04 printout.

adjustment of *Giving USA's* Religion series, itself. That is, for some years, presumably during the 1977 to 1985 period, *Giving USA's* Religion series erroneously, it would seem, calculated and overestimated Religion as the “residual” that absorbed the difference between *Giving USA's* estimate of Total Contributions and the sum of *Giving USA's* estimates for the

Table 20: Giving to Religion, AAFRC Series⁷¹ and Denomination-Based Series, 1968-2002, Aggregate Billions of Dollars and Percent Difference

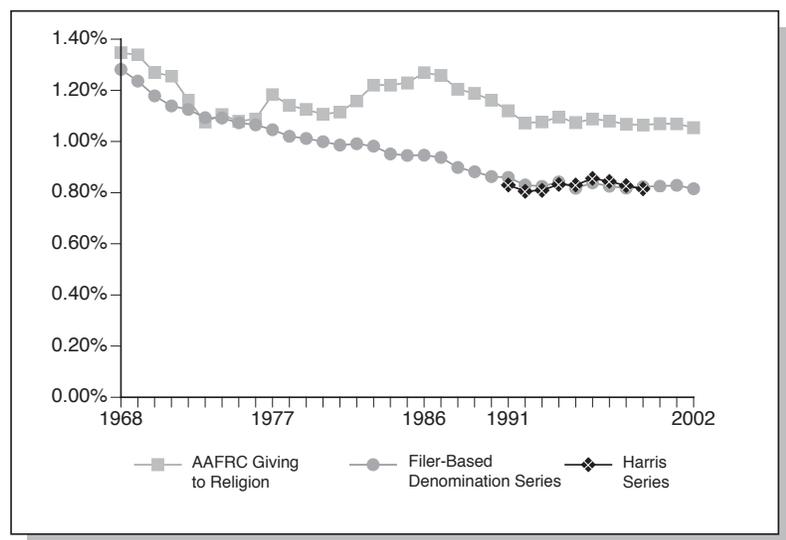
Year	AAFRC Series (Billions \$)	Denomination-Based Series Keyed to 1974 Filer Estimate (Billions \$)	Percent Difference between AAFRC and Denomination-Based Series
1968	\$8.42	\$8.01	5%
1969	\$9.02	\$8.33	8%
1970	\$9.34	\$8.67	8%
1971	\$10.07	\$9.13	10%
1972	\$10.10	\$9.78	3%
1973	\$10.53	\$10.69	-2%
1974	\$11.84	\$11.70	1%
1975	\$12.81	\$12.74	1%
1976	\$14.18	\$13.87	2%
1977	\$16.98	\$15.02	13%
1978	\$18.35	\$16.41	12%
1979	\$20.17	\$18.15	11%
1980	\$22.23	\$20.07	11%
1981	\$25.05	\$22.14	13%
1982	\$28.06	\$24.00	17%
1983	\$31.84	\$25.60	24%
1984	\$35.55	\$27.70	28%
1985	\$38.21	\$29.39	30%
1986	\$41.68	\$31.09	34%
1987	\$43.51	\$32.42	34%
1988	\$45.15	\$33.67	34%
1989	\$47.77	\$35.46	35%
1990	\$49.79	\$36.98	35%
1991	\$50.00	\$38.37	30%
1992	\$50.95	\$39.43	29%
1993	\$52.89	\$40.50	31%
1994	\$56.43	\$43.36	30%
1995	\$58.07	\$44.19	31%
1996	\$61.90	\$47.70	30%
1997	\$64.68	\$49.42	31%
1998	\$68.24	\$52.28	31%
1999	\$71.24	\$55.08	29%
2000	\$76.95	\$59.36	30%
2001	\$79.87	\$61.89	29%
2002	\$82.83	\$64.06	29%

⁷¹*Giving USA 2004*, p. 220.

other recipient categories. The *Giving USA 2004* estimates of giving to Religion for 2002, and a number of earlier years, incorporate and cumulatively build upon these apparently, incorrect, “residual” earlier estimates, including up through the American Association of Fundraising Counsel *Giving USA*’s current, most recent year estimate of giving to Religion in the year 2003.

A Comparison of Per Capita Giving as a Percent of Income to Religion. The aggregate data in Table 20 was divided by U.S. population to produce a per capita figure for both the AAFRC giving to religion series and the denomination-based series keyed to the Filer estimate. The two series were then converted to giving as a percentage of U.S. disposable personal income. Figure 20 displays a decline and then upturn in the AAFRC series, while the denomination-based series reflects the pattern in the composite denomination set. When

Figure 20: Giving to Religion as a Percent of U.S. Per Capita Disposable Personal Income, *Giving USA* and Filer-Adjusted Series, 1968-2002, and Harris Estimate, 1991-1999



Sources: AAFRC; YACC adjusted series; U.S. BEA

empty tomb, inc. 2004

the denomination-based series is taken as a portion of disposable (after-tax) personal income, in 1968 charitable giving was 1.28%, while in 2002, it was 0.82%, a decline of 35% in the portion of U.S. per capita disposable personal income contributed to religion.

An analysis was developed by consultant Joseph Claude Harris.⁷² Harris had taken a sample of Catholic parishes. Using that data in combination with denominational

data from the *Yearbook of American and Canadian Churches*, he developed an estimate for “All Denominations and the Catholic Church” for 1991-1999. His individual contributions to religion data, adjusted for population and income, followed the Filer-Adjusted series, as shown in Figure 20.

Comparison of Estimates of Giving to Religion and Giving by Individuals. The U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Survey measures philanthropy categories, including: “charities and other organizations”; “church, religious organizations”; and “educational institutions. Results for 2002 indicated that 77% of

⁷²Joseph Claude Harris, “A Summary of Church Contributions.xls,” Seattle, WA, Date Written March 7, 2001; Date Revised April 7, 2001. Letter and Spreadsheet to empty tomb, inc., July 10, 2001.

charitable contributions are perceived by the donors as going to “church, religious organizations.”⁷³

In contrast, “religion” represented 47% of individual giving in 2002, based on *Giving USA 2004* numbers.⁷⁴ The difference between the 77% going to “church, religious organizations” as found in the U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Survey and the 47% going to religion based on *Giving USA 2004* serves to highlight the need described with respect to Figure 19, “Account Classification Application with Faith-based/Secular Governance Option Included,” presented earlier in this chapter. That is, many organizations included in “human services,” “international,” and other categories by *Giving USA* are both governed as faith-based entities, and perceived by donors as religious organizations.

The disparity in these two estimates points, in part, to a lack of clear understanding of the connection between religion and the practice of philanthropy in the United States. To measure “religion” more adequately, a revised Internal Revenue Service Form 990 needs to allow charitable organizations to classify themselves, on the basis of each organization’s form of governance, as either “faith-based” or “secular,” within recipient categories.

Comparing the U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Survey and *Giving USA 2004* estimates of individual giving in 2002 also produced a gap between the two sources. The estimate of \$81.65 billion in individual charitable giving in 2002 based on the U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Survey data compared to the \$175.04 billion in giving by individuals reported in the American Association of Fundraisers Counsel’s *Giving USA 2004*.⁷⁵

The wide variation in estimates of individual giving that exists also underscores the need for obtaining a sound measure of giving from living individuals received from charitable organizations via the U.S. Internal Revenue Service Form 990.

It is also interesting that the recently initiated Indiana University Center on Philanthropy Panel Study (COPPS), using University of Michigan’s Institute for Social Research’s Panel Study of Income Dynamics Philanthropy section data, found that the average total household donation in the year 2000 for all households was \$1,328,⁷⁶ and the average “Religious giving” in 2000 was \$823.⁷⁷ Thus, multiplying U.S. Bureau of Labor Statistics 109,367,000 consumer

⁷³ Individual Giving was calculated by multiplying “Number of consumer units” = 112,108,000, by the sum of consumer unit contributions for 2002, the components of which were \$137.62 (“charities and other organizations”), \$557.29 (“church, religious organizations”), and \$33.42 (“educational institutions”). The charitable contributions sum of \$728.33, multiplied by the Number of consumer units, yielded a total giving amount of \$81.65 billion. Religion was calculated by multiplying the Number of consumer units by \$557.29 yielding an amount of \$62.48 billion. Religion as a percent of the total was calculated by dividing \$557.29 by \$728.33, yielding 77%. Data source: “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.

⁷⁴ This figure was obtained by dividing the *Giving USA 2004* \$82.83 billion amount of giving to religion in 2002 (p. 220) by the \$175.04 billion amount of individual giving (p. 218). *Giving USA 2003* stated that, “Nearly all religious giving is from households” (p. 106).

⁷⁵ *Giving USA 2004*, p. 218.

⁷⁶ *Giving USA 2004*, p. 62.

⁷⁷ *Giving USA 2004*, p. 103.

units in 2000,⁷⁸ by the Indiana University Center on Philanthropy Panel Study (COPPS) average total household donation of \$1,328 indicated that total individual giving amounted to \$145.24 billion in the year 2000, 20 percent less than the *Giving USA 2004* estimate of \$174.51 billion⁷⁹ for the year 2000. In addition, it may be noted that multiplying 109,367,000 consumer units in 2000 by the Indiana University Center on Philanthropy Panel Study (COPPS) average household “Religious giving” of \$823 amounts to \$90.01 billion, which

Table 21: Comparative Giving Estimates between the U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Survey and *Giving USA 2004* for the Year 2002: Giving by Individuals, and Giving to Religion

	U.S. Bureau of Labor Statistics Consumer Expenditure Survey	<i>Giving USA 2004</i>
Giving by Individuals	\$81.65 bil.	\$175.04 bil.
Giving to Religion	\$62.48 bil.	\$82.83 bil.
Giving to Religion as % of Giving by Individuals	77%	47%

Source: Giving by Individuals, and Giving to Religion: U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Survey (aggregate calculated by empty tomb, inc.) and *Giving USA 2004*; Giving to Religion as % of Giving by Individuals: calculated by empty tomb, inc.

is 62% of the COPPS individual giving total of \$145.24 billion for the year 2000. This COPPS 62% Religious giving as a percent of individual giving compares with the calculated figure of 47% giving to Religion as a percent of giving by Individuals based on *Giving USA 2004* data for the year 2000.

A comparison of U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Expenditures and *Giving USA 2004* data is presented in Table 21.

Per Capita Giving to Additional Recipient Categories, 1968-2002. Considering giving on a per capita basis as a percentage of income to various recipient categories in addition to religion may provide a different picture than presented by the aggregate AAFRC data for these categories. A comparison is presented in Table 22.

It should be noted that the recipient categories presented by AAFRC do not make a distinction by source of contribution. AAFRC does state that the majority of donations to religion comes from individuals. However, in recent years AAFRC does not provide figures within each of the various recipient categories as to the amount of donations from each source, the four being: individuals, bequests, corporations, and foundations. Therefore, the comparison in Table 22 is only approximate. The information does, however, suggest that population and income are important factors to be taken into consideration when discussing trends in charitable giving.

Table 22 presents the AAFRC published data for the recipient categories of: religion; education; health; human services; arts, culture, and humanities; and public/society benefit.⁸⁰

⁷⁸ “Average Annual Expenditures and Characteristics of All Consumer Units, Consumer Expenditure Survey, 2000-2002”; U.S. Bureau of Labor Statistics; <ftp://ftp.bls.gov/pub/special.requests/ce/standard/y0002/multiyr.txt>; p. 1 of 8/21/04 5:09 PM printout.

⁷⁹ *Giving USA 2004*, p. 218.

⁸⁰ *Giving USA 2004*, pp. 220-223.

Table 22: AAFRC Giving to Recipient Categories, 1968 and 2002, Aggregate, Current and Inflation-Adjusted 2003 Dollars (Billions of Dollars), and Per Capita as a Percent of U.S. Disposable Personal Income, with Percent Change 1968-2002

	Religion			Education		
	Aggregate (Billions \$)		Per Capita % Income	Aggregate (Billions \$)		Per Capita % Income
	Current \$	Inf.-Adj. '03 \$		Current \$	Inf.-Adj. '03 \$	
1968	\$8.42	\$44.53	1.35%	\$2.38	\$12.59	0.38%
2002	\$82.83	\$84.72	1.05%	\$31.83	\$32.56	0.41%
% Change	884%	90%	-22%	1237%	159%	6%

	Health			Human Services		
	Aggregate (Billions \$)		Per Capita % Income	Aggregate (Billions \$)		Per Capita % Income
	Current \$	Inf.-Adj. '03 \$		Current \$	Inf.-Adj. '03 \$	
1968	\$2.08	\$11.00	0.33%	\$2.31	\$12.22	0.37%
2002	\$18.87	\$19.30	0.24%	\$18.65	\$19.08	0.24%
% Change	807%	75%	-28%	707%	56%	-36%

	Arts, Culture and Humanities			Public/Society Benefit		
	Aggregate (Billions \$)		Per Capita % Income	Aggregate (Billions \$)		Per Capita % Income
	Current \$	Inf.-Adj. '03 \$		Current \$	Inf.-Adj. '03 \$	
1968	\$0.60	\$3.17	0.10%	\$0.43	\$2.27	0.07%
2002	\$12.22	\$12.50	0.16%	\$11.60	\$11.86	0.15%
% Change	1937%	294%	62%	2598%	422%	115%

Since data for the recipient categories of environment/wildlife and international affairs is provided only for years beginning with 1987, these categories are not included. The category of giving to foundations has current dollar data only back to 1978, and likewise is not considered in this table. The category of unallocated is also not included.

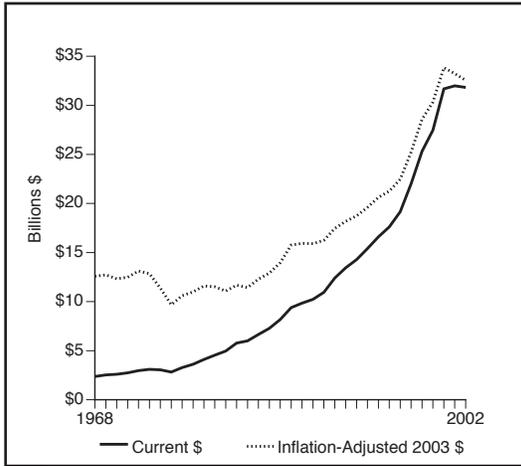
From this table, it is apparent once again that giving to religion received the highest level of charitable giving support. Aggregate giving in both current and inflation-adjusted dollars increased. However, as a portion of U.S. per capita disposable personal income, the amount of giving to religion decreased by 22%. Table 22 uses AAFRC's *Giving 2004* estimate of giving to religion series.

All the categories in Table 22 showed an increase in terms of aggregate giving in both current and inflation-adjusted dollars. However, giving as a percentage of income provides additional information. Per capita giving as a portion of income to education increased by 6% during this period, compared to an increase of 159% in inflation-adjusted aggregate dollars. However, giving to health declined 28%, and giving to human services declined 36%, rather than an inflation-adjusted aggregate increase of 75% and 56% to health and human services, respectively.

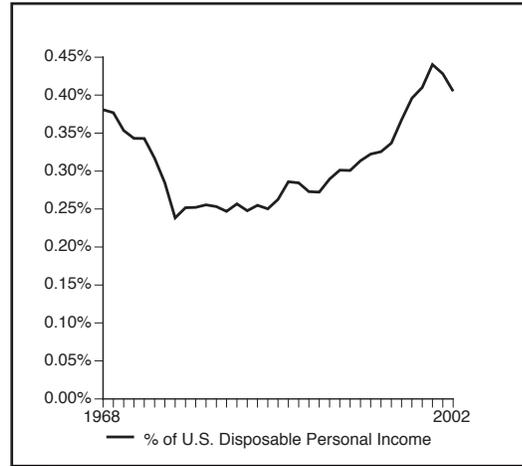
Two recipient categories that show an increase were arts, culture and humanities, and the category of public/society benefit. While neither group represented more than 0.2% of per capita giving as a portion of income in 2002, these two categories posted increases of 62% and 115% respectively, between 1968 and 2002, in contrast to the other categories in the table.

Figure 21: AAFRC Giving USA Recipient Category Data, 1968-2002

Giving to Education

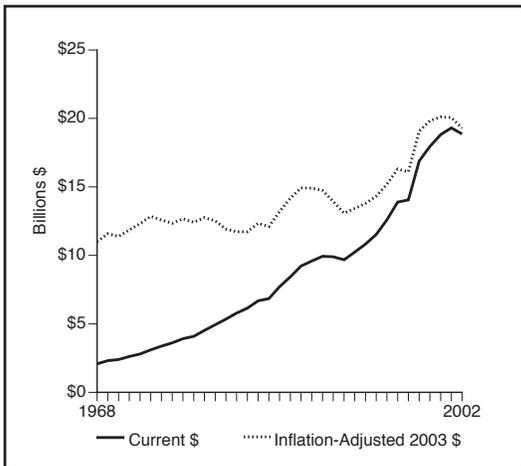


Source: AAFRC



Source: empty tomb analysis, AAFRC data

Giving to Health

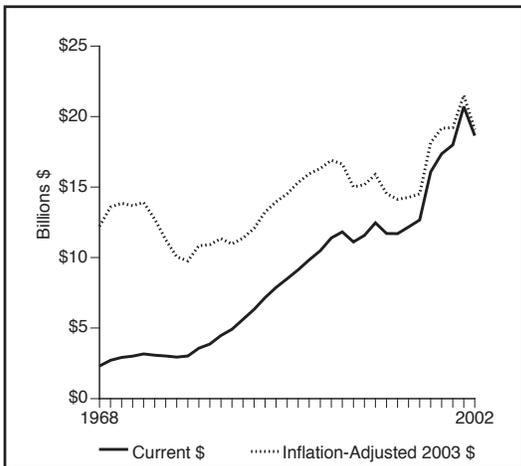


Source: AAFRC

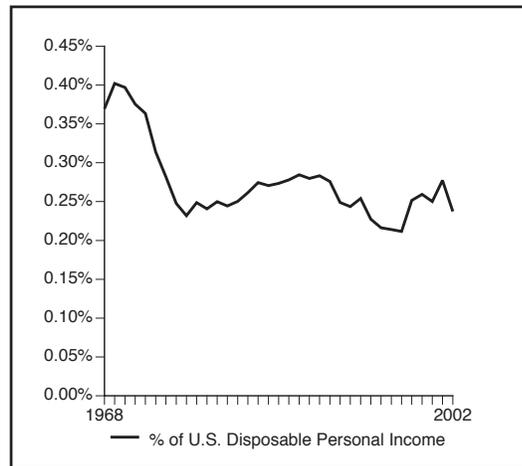


Source: empty tomb analysis, AAFRC data

Giving to Human Services



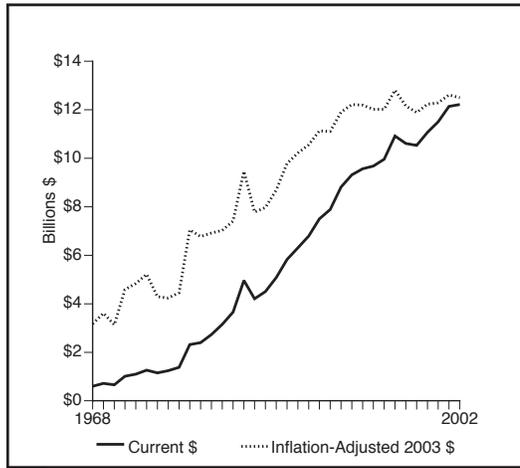
Source: AAFRC



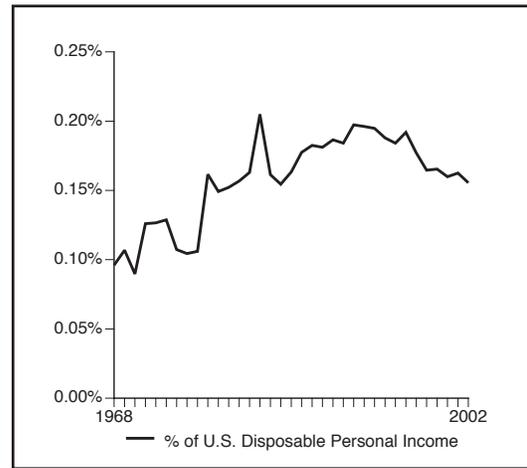
Source: empty tomb analysis, AAFRC data

Figure 21: AAFRC Giving USA Recipient Category Data, 1968-2002, Continued

Giving to Arts, Culture, and Humanities

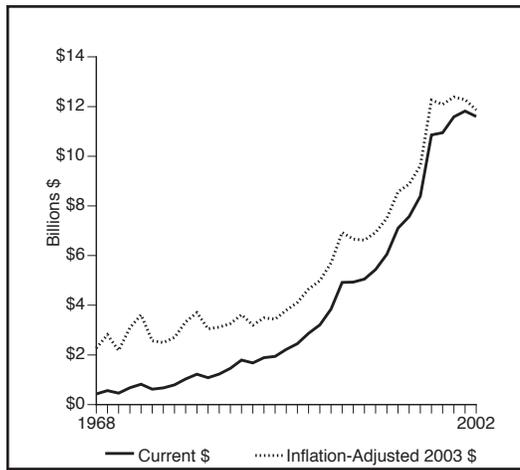


Source: AAFRC

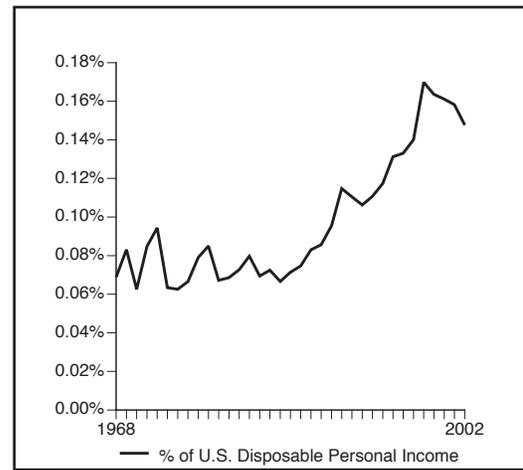


Source: empty tomb analysis, AAFRC data

Giving to Public/Society Benefit



Source: AAFRC



Source: empty tomb analysis, AAFRC data

Figure 21 depicts two views of five recipient categories: education; health; human services; arts, culture, and humanities; and public/society benefit. The view in the left column presents the aggregate AAFRC data as it is presented in the *Giving USA* series, in both current and inflation-adjusted 2003 dollars. The view in the right column for each recipient category presents an additional view: the AAFRC data was converted to a per capita basis as a percentage of U.S. per capita disposable personal income. It may be observed that the two approaches present different pictures of charitable giving patterns.

GRADING SYSTEM METHODOLOGY AND DETAIL. The preceding discussion has considered various aspects of the measurement of philanthropy, and recommendations to improve it.

The Report Card on the Measurement of Philanthropy was designed to provide an overview of the quality of present efforts to measure charitable giving in the United States.

Each grade level from A to F was given a numerical value. Each of the twelve specific entities was graded in each relevant category. The numerical value of all the categories for which an entity was graded were then averaged to produce an overall grade for that entity.

For each of the twelve entities, Table 23 presents the Overall Grade, and lists the Evaluation Category, Grade, and Evaluation Comments that combined to provide the Overall Grade.

Readers are invited to send annotated references to published material that is deemed relevant to the Report Card on the Measurement of Philanthropy Detail.⁸¹

⁸¹ It is requested that references provide detailed citation information, and that reference annotations be up to one page in length, and where feasible, refer to a particular Report Card entity-category cell with its accompanying grade. Kindly include a *brief* curriculum vitae listing research and publications. It is planned that such references received by April 15 of any given year will be considered for the Report Card on the Measurement of Philanthropy Detail to be published in that calendar year. Such annotated references, plus a copy of the article if possible, should be sent to Sylvia Ronsvalle, empty tomb, inc., P.O. Box 2404, Champaign, IL 61825-2404. For further information: <research@emptytomb.org> with Report Card in the subject heading.

Table 23: Report Card on the Measurement of Philanthropy Detail

U.S. Government Internal Revenue Service Form 990		
Overall Grade: F		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	F	The IRS Form 990 does not request a breakout of giving by living donors such that a measurement could be more precisely adjusted for population and income.
Emphasizes Living Individuals	F	The IRS Form 990 does not request a breakout of giving by living donors.
Treatment of Religion	F	Form 990 does not ask whether an organization is constituted as, governed as, or defines itself as “faith-based” or “secular.” As a result, para-denominational activity cannot be adequately evaluated. The result is an overly secularized view of nonprofit activity.
Annual Measurement	A	Form 990 annually addresses issues related to the measurement of philanthropy.
Report Available for Timely Review	F	The IRS does not publish a detailed composite total of Form 990 data.
Distance from For-Profit Fundraising Industry	A	The IRS Form 990 may have sufficient independence and distance from the influence and agenda of those who have a vested interest in the outcome of any measurement of philanthropy.
Consistency over Time	A	Form 990 provides a reasonable degree of consistency over time.
Review of Major Questionable Findings	F	Form 990 has not addressed the need for the implementation of a classification system that includes a clear determination of faith-based or secular organizations, or donations by living individuals. No change appears to have taken place in this area.
Availability of Data	F	The IRS has not computerized Form 990 in a way that summary data is readily available to donors, researchers and the media for independent analysis. Such computerization has been discussed beginning with the Filer Commission papers published in 1977. Writing in 1977, Burton A. Weisbrod and Stephen H. Long mistakenly anticipated IRS compilation of Form 990 data in their near future. Weisbrod and Long wrote, “The IRS is in the process of computerizing the Form 990 returns. It may be possible before long to obtain data for all filers, making it unnecessary to estimate totals from a sample, as we have done.” ⁸² No change appears to have taken place in this area.
Validity of Data	F	The IRS has not taken comprehensive steps to maximize the likelihood of valid, integrated measurement of philanthropy. The full commitment of the federal government, including the Internal Revenue Service and the Office of Management and Budget, as well as the American Institute of Certified Public Accountants, would need to be marshaled to revise Form 990 to yield a sound measure of individual giving by living donors.

⁸² Weisbrod and Long, 1977, p. 360, n. 17.

		Form 990 data collection is critically flawed in terms of providing comparable data, in that it does not request information about donations from living individuals, nor does it allow an organization to identify its governance as “faith-based” or “secular.”
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Urban Institute Efforts, Both in Cooperation with the U.S. Government and Independently
Overall Grade: D-

Evaluation Category	Grade	Evaluation Comment
Adjustments for Population and Income	D	Rated for this category in 2002 for the first time based on the co-publication of <i>The New Nonprofit Almanac and Desk Reference</i> (Jossey-Bass, 2002) with Independent Sector, Urban Institute’s D rating reflects two countervailing realities as illustrated by the following examples. Individual giving data adjusts for changes in population and income in <i>The New Nonprofit Almanac</i> Table 3.4. However, the accompanying Figure 3.4 graphs per capita individual income only in the overly positive categories of constant 1997 dollars and current dollars, excluding individual giving as a percentage of personal income presented in Table 3.4. Chapter 3, “Trends in Private Giving” introductory remarks do not adjust for changes in population and income. Chapter 4 considers subsector performance, again without adjusting for population or income in graphics addressing change over time. A further contribution to the D grade comes from the March 12, 2002 press release for <i>The New Nonprofit Almanac</i> . The release states, “In addition to the growth in the number of organizations, the total annual revenue of the independent sector increased from \$317 billion in 1987 to an estimated \$665 billion in 1997.” ⁸³ Adjustment for population and income is neither included nor, as a result, emphasized in the press release.
Emphasizes Living Individuals	F	Urban Institute does not adequately distinguish between donations from living individuals and bequests. In “Issue #5 — Add lines to separate key sources of nonprofit income” of an Urban Institute 2003 document entitled “Form 990 Accounting and Reporting Issues for Discussion — 2003,” a recommendation is made to “Require division of ‘Direct public support’ into support received from Individuals, Foundations (private and community), and Business (commonly referred to as corporate giving).” ⁸⁴ Form 990 implementation of this lack of distinction between support received from Living Individuals and support actually received from Bequests would continue the longstanding lack of a clear measure of Living Individuals from Form 990. Thus Form 990 composite data would not be able to be used to provide a validity check on survey-based and IRS Statistics of Income estimates of giving from Living Individuals.
Treatment of Religion	F	The Urban Institute does not treat religion in a reasonable and comprehensive fashion, primarily due to weaknesses in the classification system for which it carries major responsibility.

⁸³ Independent Sector; “New Nonprofit Almanac Gives Detailed Information on Size and Scope of Sector: Joint Independent Sector and Urban Institute Resource Provides New Insights Into How Nonprofits Work;” published March 12, 2002; <<http://www.independentsector.org/media/NA01PR.html>>; p. 1 of 9/26/02 5:09 PM printout.

⁸⁴ Urban Institute; “Form 990 Accounting and Reporting Issues for Discussion — 2003;” pdf Document Summary: Created: 2/12/2003 3:51:15 PM; <<http://www.qual990.org/990issues-03.PDF>>; p. 3 of 11/11/03 printout.

Measuring Charitable Giving Report Card Detail

Annual Measurement	D	<p>In 2001, even though the Urban Institute did not publish an estimate of philanthropy, the Urban Institute received an A for this category because of its infrastructure work that could reasonably result in improved annual measures of philanthropy. That is, through its work with the U.S. Government and Form 990, as well as the Center's work with the Unified Chart of Accounts and its National Center for Charitable Statistics, the Urban Institute addresses issues related to the annual measurement of philanthropy.</p> <p>In 2002, the rating for this category was downgraded to a D because Urban Institute explicitly involved itself with the occasional publication of specific measures of philanthropy by virtue of co-publishing <i>The New Nonprofit Almanac and Desk Reference</i> (Jossey-Bass, 2002) with Independent Sector.</p> <p>It may be noted, in reference to "<i>Giving USA's</i> survey for giving in 2003...", that "[t]he stratified random sample was drawn by the National Center for Charitable Statistics (NCCS) at the Urban Institute."⁸⁵</p>
Report Available for Timely Review	D	<p>Rated in 2002 for the first time based on the co-publication of <i>The New Nonprofit Almanac and Desk Reference</i>⁸⁶ with Independent Sector, Urban Institute's D rating stems from Independent Sector's release of <i>The New Nonprofit Almanac In Brief—2001</i>⁸⁷ on July 18, 2001⁸⁸ and Independent Sector and Urban Institute releasing <i>The New Nonprofit Almanac and Desk Reference</i> on March 12, 2002.⁸⁹</p>
Distance from For-Profit Counsel	A	<p>The Urban Institute may have sufficient independence and distance from the influence and agenda of those for-profit fundraisers who have a vested interest in the outcome of any measurement of philanthropy.</p>
Consistency over Time	D	<p>Rated in 2002 for the first time based on the co-publication of <i>The New Nonprofit Almanac and Desk Reference</i>⁹⁰ with Independent Sector, Urban Institute's D rating is based on the shift from an emerging focus on a Form 990-based measure of individual giving to the lending of its organization's reputation to the promulgation and furtherance of a number of well-entrenched shortcomings in the measurement of philanthropy.</p>
Review of Major Questionable Findings	D	<p>Rated in 2002 for the first time based on the co-publication of <i>The New Nonprofit Almanac and Desk Reference</i> (Jossey-Bass, 2002) with Independent Sector, Urban Institute's D rating reflects the fact that the Urban Institute has not reviewed the questionable American Association of Fund-Raising Counsel's <i>Giving USA</i> finding that there was a 27% increase in Human Services from 1997 to 1998.</p>
Availability of Data	C	<p>While the Urban Institute was rated A in 2001 for publishing the data it has so that it is available to researchers for independent analysis, its rating was downgraded to C in 2002 as a function</p>

⁸⁵ *Giving USA 2004*, p. 240.

⁸⁶ Murray S. Weitzman, Nadine T. Jalandoni, Independent Sector, and Linda M. Lampkin, Thomas H. Pollak, Urban Institute, *The New Nonprofit Almanac and Desk Reference* (New York: John Wiley & Sons/Jossey-Bass, 2002).

⁸⁷ *The Nonprofit Almanac in Brief—2001: Facts and figures from the forthcoming New Nonprofit Almanac and Desk Reference and Giving and Volunteering in the United States*, 1999, (Washington, DC: Independent Sector, 2001).

⁸⁸ Independent Sector; "Number of Charities Grows 74% in Just Over Decade: New Independent Sector Report Counts 1.6 Million Nonprofit Organizations, Including 734,000 Charities;" published July 18, 2001; <<http://www.independentsector.org/media/InBriefPR.html>>; p. 1 of 8/14/01 10:37 AM printout.

⁸⁹ Independent Sector; <<http://www.independentsector.org/media/NA01PR.html>>; p. 1 of 9/26/02 5:09 PM printout.

⁹⁰ Weitzman, et al., 2002.

		<p>of inadequate specificity in its documentation and/or publication of source data for some of the tables and technical notes in <i>The New Nonprofit Almanac and Desk Reference</i> (Jossey-Bass, 2002) which the Urban Institute co-published with Independent Sector in 2002. This weakness is observed in relation to the critically important area of giving by individuals. <i>The New Nonprofit Almanac</i> Table 3.3 and Sources notes on page 59, Table 3.6 on page 64, with the accompanying technical note on pages 218-219, neither list methodological or formulaic detail, nor provide or reference documentation and rationale for <i>The New Nonprofit Almanac's</i> shift from the AAFRC's <i>Giving USA</i> individual giving series for the 1986-1998 period, while following the <i>Giving USA</i> series from 1964-1985. Both <i>The New Nonprofit Almanac</i> and the AAFRC <i>Giving USA</i>⁹¹ series adjust for non-itemizer giving.</p> <p><i>The New Nonprofit Almanac</i> Table 3.2, "Distribution of Private Contributions by Recipient Area: AAFRC Trust for Philanthropy Estimates, 1968-1998," compares eight "Recipient" areas. A Note states, "Giving to some categories prior to 1985 cannot be compared to giving since 1985 because of different statistical tabulation and analysis procedures."⁹² This lack of specificity renders major portions of the Table unintelligible.</p> <p>The last column of the same Table 3.2 is labeled "Unclassified" and is referenced to "AAFRC Trust for Philanthropy, 1999." Yet, AAFRC's <i>Giving USA 1999</i> has the Recipient category of "Unallocated" for 1968-1998 along with the Recipient category of "Gifts to Foundations" for the years 1978-1998.</p>
Validity of Data	D	<p>A fundamental flaw in the Urban Institute's Unified Chart of Accounts (UCOA) is that it does not provide a measure of individual giving distinct from business giving. Urban Institute has also not acknowledged and provided for the distinction between faith-based and secular governance categories within recipient categories to provide for an accurate measure of religion. Urban Institute would need to make a policy decision to seek cooperation between the U.S. Government and the American Institute of Public Accountants to revise both Form 990 and the UCOA to make the necessary changes to produce a sound measurement of philanthropy by source and recipient categories.</p> <p>Based on the co-publication of <i>The New Nonprofit Almanac and Desk Reference</i> (Jossey-Bass, 2002) with Independent Sector, Urban Institute's rating reflects the fact that considerably more intentional and higher quality work is necessary to address the need for a critical approach to the limitations in comparability between data from Independent Sector, the American Association of Fund-Raising Counsel's (AAFRC) <i>Giving USA</i>, and U.S. IRS Form 990—employing standardized National Taxonomy of Exempt Entities major group categories.</p>

U.S. Government Efforts to Secure and Disseminate Philanthropy Information		
Overall Grade: D+		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	F	The U.S. Government does not adequately address issues of the measurement of philanthropy adjusted for population and income.

⁹¹ Ann Kaplan, ed., *Giving USA 1999* (New York: AAFRC Trust for Philanthropy, 1999), pp. 148-149.

⁹² Weitzman, et al., 2002, p. 57.

Measuring Charitable Giving Report Card Detail

Emphasizes Living Individuals	D	The U.S. Government does not adequately address issues of the measurement of philanthropy by living individuals. The grade is as high as it is as a function of Consumer Expenditure Survey data. The grade is not higher than it is because of the lack of action on other more far-reaching recommendations, such as improving Form 990.
Treatment of Religion	D	The U.S. Government has not encouraged the treatment of religion in a reasonable and comprehensive fashion. In the second quarter of 2001, the U.S. Bureau of Labor Statistics began collecting Consumer Expenditure Survey data on "Cash contributions to charities and other organizations; Cash contributions to church, religious organizations; and Cash contributions to educational institutions." Thus the 2002 evaluation of F was upgraded to D in 2003. The grade is not higher than a D because of the lack of action on other more far-reaching recommendations, such as improving Form 990.
Annual Measurement	C	The U.S. Government is involved in the annual Form 990 collection, the Consumer Expenditure Survey, the Statistics of Income, and the <i>Statistical Abstract</i> tables on philanthropy. However, the U.S. Government does not systematically address issues related to the annual measurement of philanthropy.
Report Available for Timely Review	C	Through the <i>Statistical Abstract</i> and the Statistics of Income, the U.S. Government annually disseminates philanthropy data. However, the U.S. Government does not distribute summary Form 990 data.
Distance from For-Profit Fundraising Industry	A	The U.S. Government may have sufficient independence and distance from the influence and agenda of those who have a vested interest in the outcome of any measures of philanthropy.
Consistency over Time	A	The U.S. Government approaches the area with a reasonable degree of consistency over the years.
Review of Major Questionable Findings	D	While the U.S. Government revises its publications, it has not addressed major questionable findings, such as the lack of data for contributions from living individuals, or the distinction between faith-based and secular organizations.
Availability of Data	D	The U.S. Government could improve, particularly in the area of providing summary Form 990 data.
Validity of Data	F	The U.S. Government has not taken comprehensive steps to maximize the likelihood of valid, integrated measurement of philanthropy. This fact is particularly true in the category of donations from living individuals.

Associated Press		
Overall Grade: F		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	F	The Associated Press emphasizes both overly optimistic for-profit fundraising industry reports of aggregate charitable giving and changes in aggregate charitable giving. Measures of charitable giving in light of gross domestic product do not take into account changes in disposable (after tax) personal income.
Emphasizes Living Individuals	F	Rather than reporting clear measures of Americans' living individual giving patterns, the Associated Press follows the for-profit fundraising industry reports combining Americans' living individual giving with corporate giving and corporate foundation

		investment income, bequests and investment income from private foundations—all under the rubric of “charitable giving.”
Treatment of Religion	F	The Associated Press does not regularly report giving to religion although it is the largest segment of Americans’ charitable giving.
Annual Measurement	A	The Associated Press covers charitable giving at least annually in conjunction with the release of the <i>Giving USA</i> series.
Report Available for Timely Review	A	The Associated Press articles, themselves, are available for timely review.
Distance from For-Profit Fundraising Industry	A	The Associated Press may have sufficient independence and distance from the influence and agenda of those for-profit fundraisers who have a vested interest in the outcome of any measurement of philanthropy.
Consistency over Time	F	The Associated Press’s analytic coverage of philanthropy, in general, and religious charitable giving, specifically, seems to vary significantly as a function of the personnel involved. At the same time, in recent years, Associated Press coverage of philanthropy has followed the for-profit fundraising industry’s press releases in a rather unanalytical fashion.
Review of Major Questionable Findings	F	The Associated Press has neither reported on, nor analyzed, a questionable finding of a 27% increase in charitable giving to Human Services from 1997 to 1998, which is incorporated in <i>Giving USA</i> ’s “Contributions by type of recipient organization” data tables, and which serves as a foundation for estimates of charitable giving to Human Services in subsequent years.
Availability of Data	F	The Associated Press has not recently addressed the need for revisions to Form 990 enabling a sound measure of charitable giving. Nor has the Associated Press reported on the lack of a computerized compilation of Form 990 charitable giving data, a malady, the cure to which, was anticipated at least as long ago as the report of The Commission on Private Philanthropy and Public Needs in 1977. ⁹³
Validity of Data	F	The Associated Press has not in recent years published an adequate, validation comparison study among the various estimates of charitable giving.

Universities with Philanthropy Centers⁹⁴		
Overall Grade: F		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	—	
Emphasizes Living Individuals	—	
Treatment of Religion	—	

⁹³ Weisbrod and Long, 1977, p. 360, n. 17.

⁹⁴ At “Research: Academic Centers Focusing on the Study of Philanthropy;” Independent Sector; published 2000; <<http://www.indepsec.org/programs/research/centers>>; pp. 1-3 of 8/23/01 4:35 PM printout, 35 “Academic Centers Focusing on the Study of Philanthropy” were listed. These included: Boston College, Case Western University, [City] University of New York, Duke University, George Mason University, Harvard University, Indiana University/Purdue University, Loyola University, New York University, Northwestern University, Seton Hall University, Southern Methodist University, Texas Christian University, Tufts University, University of California-Berkeley, University of California-San Francisco, University of Maryland, University of Missouri-Kansas City, University of Pennsylvania, Virginia Polytechnic Institute and State University, and Yale University.

Measuring Charitable Giving Report Card Detail

Annual Measurement	F	Universities do not systematically address issues related to the annual measurement of philanthropic giving. This is seen in part by the fact that published material suggests that academics enlisted to assist with the American Association of Fundraising Counsel's <i>Giving USA</i> annual reports have focused unduly on the for-profit fundraising industry's agenda of providing most recent year estimates through <i>Giving USA</i> , rather than the type of comprehensive, in-depth, scholarly analysis of philanthropy engaged in by academics enlisted by the Commission on Private Philanthropy and Public Needs in the mid-1970s.
Report Available for Timely Review	—	
Distance from For-Profit Fundraising Industry	—	
Consistency over Time	—	
Review of Major Questionable Findings	—	
Availability of Data	—	
Validity of Data	—	

National Bureau of Economic Research		
Overall Grade: F		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	—	
Emphasizes Living Individuals	—	
Treatment of Religion	—	
Annual Measurement	F	The National Bureau of Economic Research does not regularly address issues related to the annual measurement of philanthropy in an in-depth, institutionalized fashion through one of its standing programs.
Report Available for Timely Review	—	
Distance from For-Profit Fundraising Industry	—	
Consistency over Time	—	
Review of Major Questionable Findings	—	
Availability of Data	—	
Validity of Data	—	

The Statistical Abstract of the United States		
Overall Grade: C		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	D	Philanthropic data is not presented in a way that adjusts for changes in total U.S. population and income. GAVITUS data for households reporting charitable contributions is used, rather than contributions for all households.
Emphasizes Living Individuals	D	The evaluation reflects in part on the weakness and treatment of the underlying data.
Treatment of Religion	D	The <i>Statistical Abstract</i> does not treat religion in a reasonable and comprehensive fashion, primarily due to weaknesses in its source materials.
Annual Measurement	C	<i>The Statistical Abstract of the United States</i> annually presents tables containing data for the measurement of philanthropy. However, GAVITUS data is not available annually.
Report Available for Timely Review	A	The tables in the <i>Statistical Abstract</i> present complete data with references.
Distance from For-Profit Fundraising Industry	A	The <i>Statistical Abstract</i> may have sufficient independence and distance from the influence and agenda of those who have a vested interest in the outcome of any measurement of philanthropy.
Consistency over Time	A	The <i>Statistical Abstract</i> approaches its work with a reasonable degree of consistency over the years.
Review of Major Questionable Findings	D	The <i>Statistical Abstract</i> presents philanthropic data that is questionable primarily due to weaknesses in its source materials.
Availability of Data	A	The <i>Statistical Abstract</i> tables reproduces data from other sources that is then available for independent analysis.
Validity of Data	F	The <i>Statistical Abstract</i> does not take comprehensive steps to maximize the likelihood of valid, integrated measurement of philanthropy. The <i>Statistical Abstract</i> does not adequately present philanthropic data in a way that facilitates comparisons between the data sources it presents. GAVITUS data for households reporting charitable contributions is used, rather than contributions for all households; the reported data cannot be aggregated by using the number of households in the U.S. available elsewhere in the <i>Statistical Abstract</i> .

Trade Magazines		
Overall Grade: F		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	F	The Philanthropy 400 published by <i>The Chronicle of Philanthropy</i> and the NPT 100 published by <i>The NonProfit Times</i> do not address issues related to the adjustment of philanthropic giving in U.S. population and income.
Emphasizes Living Individuals	F	The Philanthropy 400 and NPT 100 do not emphasize issues related to giving by living individuals.

Measuring Charitable Giving Report Card Detail

Treatment of Religion	F	<p>The Philanthropy 400 and NPT 100 do not treat religion in a reasonable and comprehensive way. For example, Americans' philanthropic contributions to houses of worship, which are compiled annually by religious denominations and published annually in the New York-based National Council of the Churches of Christ in the U.S.A.'s <i>Yearbook of American & Canadian Churches</i>, are excluded. Among other societal contributions, houses of worship have long served as primary educators of philanthropic values in American culture.</p> <p>Seven denominations, each with total contributions of over \$1 billion, listed in the <i>Yearbook of American & Canadian Churches 2004</i> were the Episcopal Church, Evangelical Lutheran Church in America, The Lutheran Church Missouri Synod (LCMS), Presbyterian Church (USA), Seventh-day Adventist, Southern Baptist Convention, and The United Methodist Church. <i>The Chronicle of Philanthropy</i> has covered various religious stories including an annual "Contributions to U.S. Protestant Churches" series that summarizes denominational information from the <i>Yearbook of American & Canadian Churches</i>. However, the Philanthropy 400 and NPT 400 have excluded this data set in a systematic way. The consequence is an inaccurate, distorted view of the practice of philanthropy in the United States perpetuating a bias against religious denominations—in particular, large, historically Christian denominations.</p>
Annual Measurement	A	The Philanthropy 400 and the NPT 100 reports are each issued annually.
Report Available for Timely Review	A	The Philanthropy 400 report is published in full in <i>The Chronicle of Philanthropy</i> . The NPT 100 report is published in full in <i>The NonProfit Times</i> .
Distance from For-Profit Fundraising Industry	F	<p><i>The Chronicle of Philanthropy</i> is supported directly by advertising from for-profit fundraising groups, which seem to have a vested interest in the outcome of any measurement of philanthropy. This outcome is structurally built in, by choosing the best performers each year, by not adjusting aggregate, annual philanthropy changes by population and income, and by not focusing on individual giving adjusted by changes in population and disposable (after-tax) personal income. However, it should be noted that, although reporting aggregate totals, The Philanthropy 400 article, with its somewhat positive title, "Surviving Tough Times" by Brad Wolverton dated October 30, 2003, included a clear subtitle, "Big charities suffer first drop in donations in 12 years," a plain lead sentence noting, "contributions to the nation's largest charities declined in 2002..." and a forthright, third-paragraph, first mention of percentage change noting "Donations in 2002 declined 1.2 percent, after adjusting for inflation..." —all openly pointing to decline in 2002 (p. 28).</p> <p><i>The NonProfit Times</i> is supported directly by advertising from for-profit fundraising groups, which seem to have a vested interest in the outcome of any measurement of philanthropy.</p>
Consistency over Time	D	The Philanthropy 400 and NPT 100 reports are published annually, each using its respective categories from year to year. However, the reports are fundamentally flawed in that they compare a changing list of organizations from one year to the next as a basis for determining any change in giving patterns.

Review of Major Questionable Findings	D	Although concerns about not using a consistent set of organizations for year-to-year comparisons have been published, ⁹⁵ the Philanthropy 400 and NPT 100 have not adequately addressed the issue.
Availability of Data	A	The Philanthropy 400 and NPT 100 data is published and available for independent analysis.
Validity of Data	F	The Philanthropy 400 and NPT 100 do not take comprehensive steps to maximize the likelihood of the valid, integrated measurement of philanthropy. Further, the Philanthropy 400 and NPT 100 sit in the larger context of a lack of an integrated critical analysis by <i>The Chronicle of Philanthropy</i> and <i>The NonProfit Times</i> , respectively, of the overall measurement of giving among the various available estimates.

Advisory Committees to <i>Giving USA</i> and <i>Giving and Volunteering in the United States</i>⁹⁶		
Overall Grade: D-		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	C	<i>Giving USA</i> emphasizes aggregate data while <i>GAVITUS</i> does adjust for population and income.
Emphasizes Living Individuals	C	<i>Giving USA</i> does not emphasize Living Individuals in its dissemination of what Americans give to charity. <i>GAVITUS</i> does emphasize Living Individuals in its dissemination of what Americans give to charity.
Treatment of Religion	F	Neither advisory committee has successfully solved long-standing problems in estimating giving to religion. For example, <i>Giving USA's</i> Religion series erroneously incorporates and cumulatively builds upon estimates in past years when Religion was incorrectly calculated and overestimated as the "residual" that absorbed the difference between <i>Giving USA's</i> estimate of Total Contributions and the

⁹⁵ John Ronsvalle and Sylvia Ronsvalle, *The State of Church Giving through 1997* (Champaign, IL: empty tomb, inc., 1999), pp. 62-63, and Ronsvalle, *The State of Church Giving through 1998*, pp. 73-74.

⁹⁶The *Giving USA* 1987-2004 advisory committees included, for one or more years, representatives of: the American Association of Fundraising Counsel (AAFRC) Trust for Philanthropy, Arnoult & Associates Inc., The Aspen Institute, Association for Healthcare Philanthropy, Boston College Social Welfare Research Institute/Center on Wealth and Philanthropy, The Brookings Institution, Center for Responsive Governance, City University of New York, Committee to Encourage Corporate Philanthropy, The Conference Board, Council for Advancement and Support of Education, Council for Aid to Education, Council on Foundations, ePhilanthropy Foundation, The Ford Foundation, The Foundation Center, Georgetown University Center for the Study of Voluntary Organizations and Service, Independent Sector, Indiana University, Indiana University Center for Survey Research, Indiana University Center on Philanthropy, Indiana University/ Purdue University-Indianapolis, Johns Hopkins University, Marts & Lundy, Inc., National Bureau of Economic Research, National Council of the Churches of Christ in the U.S.A., The Nonprofit Sector Research Fund, The Oram Group, Inc., Princeton Survey Research Associates, Raybin Associates, Inc., Ruotolo Associates, Inc., The Sharpe Group, U.S. Treasury Department, United Way of America/International, University of Michigan Institute for Social Research, The Urban Institute National Center for Charitable Statistics, Yale University.

The Independent Sector *Giving and Volunteering in the United States* advisory committees for one or more years of the 1990-2001 editions or the Executive Summary for 1999 had representatives from: the American Association of Fund-Raising Counsel (AAFRC) Trust for Philanthropy, The Aspen Institute, Boston College, Canadian Centre for Philanthropy, College of St. Catherine, Council for Aid to Education, Council on Foundations, The Ford Foundation, The Gallup Organization, George Washington University, Georgetown University, Independent Sector, J. A. Couch Consultants, Johns Hopkins University, London School of Economics, The Minneapolis Foundation, the National Alliance of Business, The National Volunteer Center, *The NonProfit Times*, Northwestern University, Princeton University, Rockefeller Brothers Fund, United Way of America, University of Maryland, College Park, University of Massachusetts at Amherst, University of Minnesota, The Urban Institute, Volunteers of America, Weber Reports, and Westat, Inc.

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		<p>sum of <i>Giving USA</i>'s estimates for the other recipient categories.</p> <p><i>GAVITUS 1999</i> failed to include Religion in its table of "Demographic Characteristics of Volunteers and Contributing Households. <i>GAVITUS 2001</i> failed to include Religion in its table of "Demographic Characteristics of Respondent Households."</p>
Annual Measurement	B	The advisory committees are related to the annual <i>Giving USA</i> publication and the occasional <i>Giving and Volunteering in the United States (GAVITUS)</i> publications.
Report Available for Timely Review	F	<p>As of the latest report year, neither advisory committee had successfully influenced the respective publications to release the report in a coordinated fashion with the publication of press announcements.</p> <p>Independent Sector's <i>Giving and Volunteering in the United States 2001</i> report was available as of October 18, 2002, although press information was released on November 4, 2001.</p> <p>The <i>Giving USA 2004</i> Annual Report was not shipped until July 8, 2004, after the June 21, 2004 date the AAFRC Trust for Philanthropy release was published by press.</p>
Distance from For-Profit Fundraising Industry	C	The <i>Giving USA</i> committee does not seem to have sufficient distance from the for-profit fundraising industry, which appears to have a vested interest in the outcome of core measurement of philanthropy variables. The <i>GAVITUS</i> committee seems to have distance from the for-profit fundraising industry.
Consistency over Time	D	While the advisory committee has not generally assisted <i>Giving USA</i> to produce consistent data over the years, the <i>GAVITUS</i> committee's activity did not provide <i>GAVITUS 1999</i> and <i>GAVITUS 2001</i> with consistency in Religion.
Review of Major Questionable Findings	D	Neither advisory committee has successfully pressed to address major questions about the findings of the respective publications.
Availability of Data	B	The <i>Giving USA</i> committee has not insured that data is available for review. The <i>GAVITUS</i> committee has carried out its work in such a way that the data is available for independent analysis.
Validity of Data	F	Neither committee has successfully pressed to implement comprehensive steps that would help to maximize the likelihood of valid, integrated measurement of philanthropy.

Foundation Efforts in the Area of Measurement of Philanthropy ⁹⁷		
Overall Grade: D-		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	D	Foundations have not worked to insure that all major measures of philanthropy adjust for population and income. No noteworthy improvement was observed for this important area, decreasing the grade from C to D.
Emphasizes Living Individuals	D	Foundations are involved in funding reports through other entities. However, foundations have not systematically addressed issues related to an emphasis on giving by living individuals.
Treatment of Religion	F	Foundations have not worked to insure that the annual measurement of religion is conducted in a reasonable and comprehensive fashion. <i>Giving USA</i> has not developed a reasonable series review, including the period when religion was a residual category. Foundation supported <i>GAVITUS 1999</i> omitted the Religion category and subcategories. <i>GAVITUS 2001</i> did not contain provide a breakdown by various major denominations or denominational families as has been the case in the 1990, 1992, 1994 and 1996 <i>GAVITUS</i> series. Reported gifts to denominations provide one of the better opportunities for validation studies of giving survey data because (1) of the relatively large size of some denominational memberships, and (2) denominations annually compile and publish their congregations' giving reports.

⁹⁷Foundations that have funded the *Giving and Volunteering the United States* series (edition year in parentheses) include The Atlantic Philanthropies (1999, 2001), The Chevron Companies (1994), The Ford Foundation (1990, 1992, 1994, 1996, 1999 Executive Summary, 1999, 2001), GE Foundation (1994), William Randolph Hearst Foundation (1990), IBM Corporation (1990), Robert Wood Johnson Foundation (2001), W.K. Kellogg Foundation (1992, 1994, 1996, 1999 Executive Summary, 1999, 2001), Knight Foundation (1990), Lilly Endowment Inc. (1990, 1992, 1999 Executive Summary, 1999, 2001), Robert McCormick Charitable Trust (1990), Metropolitan Life Foundation (1996, 1999 Executive Summary, 1999, 2001, Faith and Philanthropy 2002), Charles Stewart Mott Foundation (1992, 1994, 1996, 1999 Executive Summary, 1999, 2001), Rockefeller Brothers Fund (1992), Dr. Scholl Foundation (1992).

The Ford Foundation and Lilly Endowment Inc. funded the Independent Sector Measures Survey, published as *America's Religious Congregations: Measuring Their Contribution to Society* (Washington, DC: Independent Sector, November 2000), funded by the Lilly Endowment Inc., and *Balancing the Scales* (2002), which indicated the "Measures Project was funded by The Atlantic Philanthropies, The Ford Foundation, the W. K. Kellogg Foundation, The Lilly Endowment, and other donors... (p. 2).

Foundations that have funded the *Nonprofit Almanac* most recent series (publication year in parentheses) include The Atlantic Philanthropies (2002), The Chevron Companies (1996), The Ford Foundation (1996, 2001 In Brief, 2002), Robert Wood Johnson Foundation (2002), Ewing Marion Kauffman Foundation (2002), W.K. Kellogg Foundation (1996, 2002), Lilly Endowment (2001 In Brief, 2002), Andrew W. Mellon Foundation (1996), Charles Stewart Mott Foundation (1996, 2002), "Anonymous donors" (1996), "corporate, foundation, and nonprofit members of Independent Sector" (2002).

The Lilly Endowment, Charles Stewart Mott Foundation, Rockefeller Brothers Fund, and William Randolph Hearst Foundation funded the Russy D. Sumariwalla, 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).

In addition, representatives of the Council on Foundations and The Foundation Center have been Advisory Council members of AAFRC's *Giving USA* series.

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Annual Measurement	D	<p>Foundations are involved in funding reports through other entities. However, foundations have not systematically addressed significant issues related to the annual measurement of philanthropy.</p> <p>No noteworthy improvement was observed for this important area.</p>
Report Available for Timely Review	F	<p>Major reports that receive foundation funding are not available for researchers at the same time press releases are issued.</p> <p>The <i>Giving USA 2003</i> Annual Report was not shipped until July 18, 2003, after the June 23, 2003 date the AAFRC Trust for Philanthropy release was published by press.</p> <p>Independent Sector's <i>Giving and Volunteering in the United States 2001</i> report was available as of October 18, 2002, although press information was released on November 4, 2001.</p> <p>Independent Sector's <i>Balancing the Scales: Measuring the Contributions of Nonprofit Organizations and Religious Congregations</i>, is quoted in an Independent Sector November 2000 publication, and is elsewhere referenced by Independent Sector as having been published in 2001. Independent Sector announced that Independent Sector released a publication, with a slightly different title, <i>Balancing the Scales: Measuring the Roles and Contributions of Nonprofit Organizations and Religious Congregations</i>, on October 8, 2002.</p>
Distance from For-Profit Fundraising Industry	A	<p>Foundations may have had sufficient independence and distance from the influence and agenda of those who have a vested interest in the results of any measurement of philanthropy.</p> <p>However, the recent establishment of the <i>Giving USA</i> Foundation augurs a more active involvement of the foundation world with the for-profit fundraising industry's <i>Giving USA</i> agenda than obtained when <i>Giving USA</i> routinely stated on the back covers of the <i>Giving USA</i> 1995 to 2003 editions that, "The AAFRC Trust for Philanthropy is a foundation to advance research, education and public understanding of philanthropy that was founded in 1985 by The American Association of Fund-Raising Counsel."</p> <p>The back cover of <i>Giving USA 2004</i>, pointing to a closer involvement with the foundation world, states, "The Directors of the Trust for Philanthropy of the American Association of Fund Raising Counsel (AAFRC) are pleased to announce we have established the Giving USA Foundation, as our public service initiative to broaden outreach to philanthropy. The Giving USA Foundation will become Giving USA's public face and will seek contributions from AAFRC member firms, other foundations, corporations, and the general public" (emphasis in original).</p>
Consistency over Time	D	<p>Foundations on the whole do not approach this area with attention to appropriate levels of consistency. This is particularly noteworthy in reference to Independent Sector's <i>GAVITUS</i> series.</p>
Review of Major Questionable Findings	D	<p>Foundations have not funded efforts that have adequately reviewed and addressed major questionable findings in national philanthropy estimates.</p>
Availability of Data	A	<p>Foundations generally emphasize the need for dissemination and making data available.</p>
Validity of Data	F	<p>Foundations have not taken comprehensive steps to maximize the likelihood of valid, integrated measurement of philanthropy.</p>

		There are not adequate mechanisms in place to follow up on the coordinated implementation of, and comprehension of, the various streams of research that have been funded.
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AAFRFC Trust for Philanthropy <i>Giving USA</i> series ⁹⁸		
Overall Grade: F		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	F	<p>The predominant emphasis in the <i>Giving USA</i> series' press release headline and text, and <i>Giving USA</i> tables, graphics, and text, is on aggregate dollar amounts and percent changes in aggregate dollar amounts, which do not account for changes in population and after-tax income. The result is an artificially optimistic estimate of changes in giving.</p> <p><i>Giving USA 2003</i> did introduce a series of graphs that charted gross domestic product (GDP) and disposable personal income. Further, the supporting tables on pp. 200-201 of that volume provided giving as a percent of GDP, personal income, and disposable personal income. It would be helpful to have the current dollar value of the GDP series used, and not only the inflation-adjusted numbers.</p> <p>The essence and source of <i>Giving USA's</i> estimate of changes in giving is observed in the Foreword of <i>Giving USA 2003</i>. Referring to aggregate, current dollar giving, the lead sentence of the Foreword, coauthored by Leo P. Arnoult, CFRE, Chair, AAFRC Trust for Philanthropy, John J. Glier, Chair, AAFRC, and Eugene R. Tempel, Ed.D., CFRE, Executive Director, The Center on Philanthropy at Indiana University, reads, "Giving in 2002 is estimated to be \$240.92 billion, growing one percent over the new estimate for 2001 of \$238.46 billion" (pp. ii).</p> <p>These leaders of <i>Giving USA</i> chose to focus on the growth in aggregate, current dollar giving, even though <i>Giving USA 2003</i> elsewhere reported that total giving as a percentage of gross domestic product (GDP) fell from 2.4% in 2001 to 2.3% in 2002 (pp. 23, 200), and individual giving as a percentage of disposable (after-tax) personal income fell from 2.47% in 2001 to 2.35% in 2002 (pp. 24, 201). This calculates to a -4% and a -5% decrease in giving as a percent of GDP and income from the 2001 base for total giving and individual giving, respectively.</p> <p>A continuation of estimates of percent changes in aggregate philanthropy totals by the top leadership of the <i>Giving USA</i> series is seen in the Foreword of <i>Giving USA 2004</i>. Referring to aggregate, current dollar giving, the first mention of the percent change from 2002 to 2003 occurred in the lead sentence of the second paragraph of the Foreword, coauthored by Henry (Hank) Goldstein, CFRE, Chair, <i>Giving USA</i> Foundation, John J. Glier, Chair, AAFRC, and Eugene R. Tempel, Ed.D., CFRE, Executive Director, The Center on Philanthropy at Indiana University, and reads, "Giving in 2003 grew 2.8 percent over the revised estimate for 2002 of \$234.09 billion." (pp. ii-iii).</p> <p>These leaders of <i>Giving USA</i> chose to focus on the growth in aggregate, current dollar giving, even though <i>Giving USA 2004's</i> total giving data, when calculated as a percentage of gross domestic product (GDP), fell from 2.23% in 2002 to 2.19% in 2003, and individual giving as a percentage of</p>

⁹⁸ The *Giving USA 2004* edition mentioned the establishment of the *Giving USA* Foundation (back cover). However, the copyright continued to be held by the AAFRC Trust for Philanthropy.

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		<p>disposable (after-tax) personal income fell from 2.23% in 2002 to 2.18% in 2003. This calculates to a -1.9% and a -2.0% decrease in giving as a percent of GDP and income from the 2002 base for total giving and individual giving, respectively.</p> <p>This leadership message was transmitted in the American Association of Fundraising Counsel Trust June 21, 2004, Press Release with the headline and subhead of "Americans Give \$241 Billion To Charity In 2003," and "2.8 percent growth in contributions is highest rate seen since 2000," respectively.⁹⁹</p> <p>The Associated Press June 21, 2004, story followed the overly optimistic <i>Giving USA</i> leadership message by asserting in the headline, "Charitable Giving Rises in 2003," reporting in the lead sentence that "charitable giving in the United States last year rose by the highest rate in three years...", and stating in the first mention of a percentage change, that is, in the second sentence of the second paragraph, "Researched by the Center on Philanthropy at Indiana University, the survey showed a 2.8 percent increase over 2002, when giving amounted to \$234.1 billion."¹⁰⁰</p>
Emphasizes Living Individuals	F	<p><i>Giving USA</i> does not emphasize Living Individuals in its press release dissemination of what Americans give to charity. Consequently, the public reading headlines regarding Americans' charitable giving may receive a misleading picture of their charitable behavior. This lack of focus on Living Individuals is exacerbated by the <i>Giving USA</i> press release's inclusion of grants from foundations, which, in contrast to individuals' gifts to foundations, primarily reflect "income generated from the investment of foundation assets" and "should not be included as part of the current flow of charitable giving."¹⁰¹</p>
Treatment of Religion	F	<p>While <i>Giving USA</i> revised its Education and Health series, keying them to the watershed Commission on Private Philanthropy and Public Needs estimates, it has not likewise revised its Religion series by keying it to the 1974 Commission on Private Philanthropy and Public Needs' estimate of \$11.7 billion, although <i>Giving USA's</i> 1974 estimate for giving to Religion was \$11.84 billion, relatively close to the Commission's estimate of \$11.7 billion for 1974. As a result, for some years presumably during the 1977 to 1985 period, <i>Giving USA's</i> Religion series erroneously, it would seem, incorporates and cumulatively builds upon, up through its most recent year, estimates when Religion apparently was incorrectly calculated and overestimated as the "residual" that absorbed the difference between <i>Giving USA's</i> estimate of Total Contributions and the sum of <i>Giving USA's</i> estimates for the other recipient categories. Any logical discussion of <i>Giving USA's</i> Religion series, evidently, must address this topic of <i>Giving USA's</i> 1974 through 1985 estimates for Religion.</p>

⁹⁹ American Association of Fundraising Counsel; "Press Releases: Featured Press Release from AAFRC Trust for Philanthropy: Americans Give \$241 Billion To Charity In 2003;" published June 21, 2004; <http://www.aafrc.org/press_releases/>; p. 1 of 7/5/04 1:27 PM printout, and American Association of Fundraising Counsel; "AAFRC Trust Press Releases: Americans Give \$241 Billion To Charity In 2003;" published 2004; <http://www.aafrc.org/press_releases/trustreleases/americansgive.html>; p. 1 of 6/25/04 4:18 PM printout.

¹⁰⁰ Locke; <<http://www.washingtonpost.com/wp-dyn/articles/A56830-2004Jun21.html>>; p. 1 of 6/25/04 4:56 PM printout.

¹⁰¹ Hayden Smith, *Voluntas*, 1993, p. 253.

		Also, <i>Giving USA</i> does not take into account the fact that many groups included in other recipient categories are faith-based in governance. Therefore, the picture of giving to Religion is at the same time distorted and incomplete.
Annual Measurement	A	The American Association of Fundraising Counsel, Inc. Trust for Philanthropy (AAFRC) issues an annual <i>Giving USA (GUSA)</i> report.
Report Available for Timely Review	F	<p>An American Association of Fundraising Counsel Trust for Philanthropy Press Release titled “Americans Give \$241 Billion To Charity In 2003” for the <i>Giving USA 2004</i> Annual Report was dated June 21, 2004. An Associated Press story based on the June 21, 2004 Press Release was available for use on June 21, 2004.</p> <p>A preordered copy of <i>Giving USA 2004</i> was not shipped until July 8, 2003.</p> <p>The lack of timely availability of the final print version of the main <i>Giving USA 2003</i> Annual Report to interested scholars throughout the nation weakens the likelihood of considered evaluation of the Annual Report’s findings in the national media. Media announcements of findings from serious academic papers and journals are standardly not released until the papers are available for peer review and comment.</p>
Distance from For-Profit Fundraising Industry	F	<p>The American Association of Fundraising Counsel’s AAFRC Trust for Philanthropy’s <i>Giving USA</i> Foundation’s <i>Giving USA</i> is a publication established by the for-profit fundraising industry. It may be a desirable professional fundraising tool. Perhaps the clearest expression of <i>Giving USA</i>’s dissemination of overly optimistic estimates of giving is found both in its <i>Giving USA 2004</i> news release and in the Foreword co-authored by three of its principals. The first mention of the annual change in giving in these two items compares the increase in aggregate current dollar total income, unadjusted by population and income.</p> <p>Moreover, the desire for relatively contemporaneous data appears to have led to a general emphasis on, and the development of, a series of models to produce giving estimates for the latest year. This focus on obtaining estimates for the latest year’s data seems to have outweighed a more scholarly emphasis on obtaining theoretically valid estimates of philanthropic behavior.</p>
Consistency over Time	F	<p>For an undisclosed period of time in the 1980s, Religion was a “residual category.” More recently, Religion for the years 1987 through the most recent year has been adjusted, but earlier years, when Religion was the residual category, have not yet been. As noted above in the Treatment of Religion category, any logical discussion of <i>Giving USA</i>’s Religion series, it would seem, must address this topic of <i>Giving USA</i>’s 1974 through 1987 estimates for Religion.</p> <p>The emphasis on developing a latest year projection has led to the use of a changing mixture of variables with no theoretically sound, systematic basis for the revisions made on a frequent basis.</p> <p><i>The Chronicle of Philanthropy</i> noted, “When the final IRS data are released, ‘Giving USA’ annually updates its estimates from the prior year’s reports. Those updates can drastically change its findings...”</p>

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		<p>“ ‘These are soft numbers at best,’ says Peter Dobkin Hall, a lecturer on nonprofit organizations at Harvard University’s John F. Kennedy School of Government. ‘They’re probably jumping the gun by releasing them in such a high-profile way before the final numbers are in.’ ”¹⁰²</p> <p><i>Giving USA</i> is to be commended for reporting data from 1962 forward in the <i>Giving USA 2003</i> edition. This step, in keeping with a more scholarly approach, reversed the pattern, implemented in the 1993 edition of <i>Giving USA</i>, of including only the most recent 30 years of data. For the sake of increasing <i>Giving USA</i>’s scholarly credentials and usefulness, the series might have been anchored to at least as far back as 1962 in subsequent editions of <i>Giving USA</i>.</p>
Review of Major Questionable Findings	F	<p><i>Giving USA</i> has revised some of its historical series but has not reviewed others. The “residual category” years for Religion is one example.</p> <p>Another important example of questionable data that has not been adequately addressed is a 27% increase in Human Services from 1997 to 1998. In contrast to the GUSA series, data for the largest Human Services organizations in <i>The Chronicle of Philanthropy</i> 400 list indicated that these groups grew only 7% from 1997 to 1998. A request to review the data producing the GUSA estimate was denied by the editor of the 1997 and 1998 editions of <i>Giving USA</i> on the basis of confidentiality. Subsequent editions of <i>Giving USA</i> have not reported on a revisit of original <i>Giving USA</i> source data, or revised the 1998 giving to Human Services estimate in light of either <i>The Chronicle of Philanthropy</i> 400 list finding, or the finding of Paul Arnsberger, “an economist with the IRS” who, as reported in Table 4 of <i>Giving USA 2003</i> (p. 138), found that, using IRS data, charitable revenue to Human Service organizations increased 11.6% from 1997 to 1998. A “Charitable revenue” note in Table 4 presenting the Arnsberger data read, “Charitable revenue includes gift and foundation grants (which is comparable to what <i>Giving USA</i> tracks) as well as government grants and allocations from other nonprofit agencies such as United Way and United Jewish Communities (which are not included in <i>Giving USA</i> estimates for this subsector).”</p> <p>No noteworthy improvements were observed for these important areas.</p>
Availability of Data	F	<p>Each issue of <i>Giving USA</i> provides discussion and also a series of data tables based on the information in their study. However, as noted in the previous category comments, a request to the previous editor for the data that served as the basis for the 1997-1998 Human Services giving estimates was refused based on a stated need of AAFRC to keep the data confidential.</p> <p>The annual equation used to predict individual giving for those who itemize was published in the 1988 through 1992 and 1994 through 1996 issues of <i>Giving USA</i>. Although occasional methodology papers and articles have been available, the 1997 through 2004 issues of <i>Giving USA</i> per se did not include in the Individual giving section of the Methodology chapter, the annual equation used to predict either individual giving, or charitable deductions for those who itemize.</p>

¹⁰² Lipman, June 26, 2003, p. 18.

		<p>Moreover, although included in previous editions of <i>Giving USA</i>, <i>Giving USA 2004</i> did not include, in the “Individual giving” subsection of the Methodology chapter’s “Sources of contributions” section, a transparent statement of what surveys—such as, for example in prior years, <i>Giving and Volunteering in the United States</i>, published by Independent Sector, or the Center on Philanthropy Panel Study—were used to estimate contributions for nonitemizing taxpayers. Rather, a sentence informed the reader that, “The nonitemizer estimate is based on findings from major national household surveys as analyzed by John Havens, an economist at the Boston College Center on Wealth and Philanthropy.”¹⁰³</p> <p>The annual equation used to predict charitable deductions for those who itemize, and the specific surveys, accompanied by the related methodology, used in any given year to estimate contributions for nonitemizing taxpayers, are perhaps two of the more important, foundational pieces of information to be found in such a Methodology, given that Individual contributions are purported to constitute approximately three-quarters of Total contributions.¹⁰⁴</p>
Validity of Data	F	<p><i>Giving USA</i> has not pursued adequate validation comparison studies between its estimates and other available information and/or theoretically important sources of data. Of particular interest is the relationship between measures of individual giving based on itemizer data and estimates of non-itemizer survey data, on the one hand, and data from a revised Form 990 that would summarize data regarding contributions from living individuals, on the other hand.</p> <p><i>Giving USA</i> considers philanthropy by Source categories (e.g., corporations), and separately, by Recipient categories (e.g., education). Only rarely in the past has <i>Giving USA</i> provided a breakdown within Recipient categories by Source. It would be useful to know the sources of giving to each Recipient category.</p>

<p>Independent Sector <i>Giving and Volunteering in the United States, Balancing the Scales</i>, and <i>The New Nonprofit Almanac and Desk Reference</i>.</p> <p>Overall Grade: F</p>		
Evaluation Category	Grade	Evaluation Comments
Adjustments for Population and Income	A	Independent Sector adjusts for population by using the number of households in the United States. It also adjusts for income.
Emphasizes Living Individuals	A	Independent Sector surveys emphasize contributions from Living Individuals.
Treatment of Religion	F	<p>The <i>Giving and Volunteering in the United States (GAVITUS)</i> survey instrument has, for the most part, provided for the measurement of several significant issues regarding religion, such as the relationship between membership/worship attendance and charitable giving and volunteering. However, in terms of actual giving estimates, the <i>GAVITUS</i> survey could be improved.</p> <p>For example, the 1990, 1992, 1994 and 1996 <i>GAVITUS</i> “Type of Organization” Attachment used by the interviewers provided</p>

¹⁰³ *Giving USA 2004*, p. 233.

¹⁰⁴ *Giving USA 2004*, p. 8.

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		<p>the option for a breakdown between “Nonprofit, Religious” and “Nonprofit, Nonsectarian” in the types of organizations. However, the report does not provide a table that breaks down Use categories, such as International or Human Services, into these two categories. A detailed analysis of the potential distortion of not including such a distinction in such areas as International and Human Services was provided in the “Denominational Giving Data and Other Sources of Religious Giving Information section” of <i>The State of Church Giving through 1991 (SCG91)</i> published in 1993. Also in SCG91, the recommendation was made to include the option of distinguishing between gifts to “church, synagogue or mosque” and other religious organizations. This distinction would provide the basis for external validation of the survey instrument by enabling the comparison of survey responses with available church giving data.</p> <p>In contrast, <i>GAVITUS 1999</i> failed to include Religion in its table of “Demographic Characteristics of Volunteers and Contributing Households.” <i>GAVITUS 2001</i> failed to include Religion in its table of “Demographic Characteristics of Respondent Households.”</p> <p>In 2002, Independent Sector published <i>Faith and Philanthropy: The Connection Between Charitable Behavior and Giving to Religion</i> that was “based on analysis from Independent Sector’s <i>Giving and Volunteering in the United States 2001</i> national survey” (p.4). Neither <i>Faith and Philanthropy</i> nor <i>GAVITUS 2001</i> provide a breakdown by various major denominations or denominational families, as has been the case in the 1990, 1992, 1994 and 1996 <i>GAVITUS</i> series. Reported gifts to denominations provide one of the better opportunities for validation studies of giving survey data because (1) of the relatively large size of some denominational memberships, and (2) denominations annually compile and publish their congregations’ giving reports.</p>
Annual Measurement	F	<p>Independent Sector’s <i>Giving and Volunteering in the United States (GAVITUS)</i> was published biannually from 1988 to 1996. A 1999 edition and a 2001 edition were published in 2002.</p>
Report Available for Timely Review	F	<p>Independent Sector distributed a press release about <i>Giving and Volunteering in the United States, 1999 edition</i> in 1999. Media reports appeared that fall. The <i>Statistical Abstract of United States: 2000, The National Data Book</i>, listed a reference source indicating that the document, <i>Giving and Volunteering in the United States, 1999 edition</i>, was published in 2000 (p. 397). Yet, repeated contacts with Independent Sector resulted in varying publication due dates. The 1999 edition was finally available in May 2002.</p> <p>The Independent Sector Web site announced major findings in a November 4, 2001 release of its new “comprehensive study,” measuring giving in 2000, the “comprehensive report” for which would “be available in the spring of 2002.”¹⁰⁵ September 2002 correspondence indicated an October 2002 availability date. The report was finally available in October 2002, according to an Independent Sector “Newsroom” release dated October 18, 2002, that was headlined, “Independent Sector Releases Comprehensive Report on Giving and Volunteering in the United</p>

¹⁰⁵“Independent Sector Survey Measures the Everyday Generosity of Americans;” Embargoed until November 4, 2001; <<http://www.independentsector.org/media/GV01PR.html>>; printed 11/25/01 2:30 PM.

		<p>States,” and stated, “<i>The Giving and Volunteering in the United States</i> 2001 survey is the seventh in a series of biennial national surveys by Independent Sector.”</p> <p>There was also a delay between the announcement and the release of Independent Sector’s publication, <i>Balancing the Scales: Measuring the Contributions of Nonprofit Organizations and Religious Congregations</i>. In another Independent Sector publication, <i>America’s Religious Congregations: Measuring their Contribution to Society</i>, published in November 2000, six of the charts and tables each have a “Source” referring to the full report, <i>Balancing the Scales: Measuring the Contributions of Nonprofit Organizations and Religious Congregations</i>. The reference in the “Resources Section” list reads, “published by Independent Sector, Washington, DC, 2001.” However, correspondence from February 2001 through May 2002 indicated <i>Balancing the Scales</i> had not yet been published. An Independent Sector “Newsroom” release dated October 8, 2002, was headlined, “Independent Sector Report Demonstrates Efforts of Nonprofits to Measure Effectiveness.” The first sentence of the release stated, “...Independent Sector releases a comprehensive report on the state of nonprofits’ efforts to measure their organizational effectiveness.” The first sentence of the second paragraph identified the report as, “<i>Balancing the Scales: Measuring the Roles and Contributions of Nonprofit Organizations and Religious Congregations...</i>” Although the title of this “<i>Balancing the Scales</i>” document includes the additional words, “Roles and,” the October 8, 2002, “Newsroom” release identified this document as part of Independent Sector’s Measures Project, and stated that, “Previous publications issued under the Measures Project Initiative include <i>America’s Religious Congregations</i> and <i>Outcome Measurement in Nonprofit Organizations: Current Practices and Recommendations</i>.”</p>
Distance from For-Profit Fundraising Industry	A	<p>Independent Sector’s “2000 Annual Report” described Independent Sector’s membership as including “700 of the nation’s leading foundations, prominent and far-reaching nonprofits of all sizes, and corporations with strong commitments to community involvement.” The organization may have sufficient independence and distance from the influence and agenda of those for-profit fundraisers who have a vested interest in the outcome of any measurement of philanthropy.</p>
Consistency over Time	F	<p>Independent Sector’s <i>Giving and Volunteering in the United States</i> series has generally maintained a comparable series of data in its published editions—1988, 1990, 1992, 1994 and 1996. However, the <i>Giving and Volunteering in the United States</i> 1999 edition available in 2002, for the first time in the series, did not include the category of “Religion,” with its subcategories including Catholics, All Protestants, Baptists, Lutherans, Methodists, Presbyterians, Jewish, All Other Religions, in its table of “Demographic Characteristics of Volunteers and Contributing Households.” Given the</p>

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		<p>increasingly visible role of religion in America, this inconsistency, along with that noted in the following comment, led to the downgrade to F in 2002 from the 2001 rating of B. Independent Sector, referring to the then-forthcoming <i>Giving and Volunteering in the United States 2001</i> edition, reported that, due to a “change in methodology,” it will be “difficult to compare these new findings to our earlier studies.”¹⁰⁶</p> <p><i>Giving and Volunteering in the United State 2001</i>, in a 2002 Appendix A “Methodological Statement,” stated, “The above changes, taken in total, mean comparisons to prior <i>Giving and Volunteering</i> studies cannot easily be made” (p. 141).</p> <p>The editors of the series did not adequately justify why they dissociated from a decade of surveys, or made no effort through statistical or sampling methods to develop a consistent comparison.</p>
Review of Major Questionable Findings	D	<p>External validation tests of Independent Sector data suggest a great volatility in the level of contributions from one survey to another, compared to the relatively stable trends of other data.¹⁰⁷ These findings have not been adequately acknowledged or addressed in subsequent surveys. To date, the revised 2001 edition survey series does not provide enough of a base to determine if this volatility has been eliminated.</p>
Availability of Data	C	<p>Independent Sector has the GAVITUS data set available for purchase.</p> <p>While Independent Sector was rated A in 2001 for the availability of its data to researchers for independent analysis, its rating was downgraded to C in 2002 as a function of inadequate specificity in its documentation and/or publication of source data for some of the tables and technical notes in <i>The New Nonprofit Almanac and Desk Reference</i> (Jossey-Bass, 2002) which Independent Sector co-published with the Urban Institute in 2002. This weakness is observed in relation to the critically important area of giving by individuals. <i>The New Nonprofit Almanac</i> Table 3.3 and Sources notes on page 59, Table 3.6 on page 64, with the accompanying technical note on pages 218-219, neither list methodological or formulaic detail, nor provide or reference documentation and rationale for <i>The New Nonprofit Almanac</i>'s shift from the AAFRC's <i>Giving USA</i> individual giving series for the 1986-1998 period, while following the <i>Giving USA</i> series from 1964-1985. Both <i>The New Nonprofit Almanac</i> and the AAFRC <i>Giving USA</i>¹⁰⁸ series adjust for non-itemizer giving.</p> <p><i>The New Nonprofit Almanac</i> Table 3.2, “Distribution of Private Contributions by Recipient Area: AAFRC Trust for Philanthropy Estimates, 1968-1998,” compares eight “Recipient” areas. A Note states, “Giving to some categories prior to 1985 cannot be</p>

¹⁰⁶The press release for the new Independent Sector survey, *Giving and Volunteering in the United States 2001*, presenting figures for reporting households that are 51% higher than two years earlier, includes a change in methodology that will make “it difficult to compare these new findings to our earlier studies,” [a series beginning in 1988] according to Dr. Sara E. Melendez, President and CEO of Independent Sector. “Independent Sector Survey Measures the Everyday Generosity of Americans;” <<http://www.independentsector.org/media/GV01PR.html>>; embargoed until November 4, 2001; printed 11/25/01 2:30 PM.

¹⁰⁷John Ronsvalle and Sylvia Ronsvalle, *The State of Church Giving through 1998* (Champaign, IL: empty tomb, inc., 2000), pp. 68-73.

¹⁰⁸Ann Kaplan, ed., *Giving USA 1999* (New York: AAFRC Trust for Philanthropy, 1999), pp. 148-149.

		<p>compared to giving since 1985 because of different statistical tabulation and analysis procedures.”¹⁰⁹ This lack of specificity renders major portions of the Table unintelligible.</p> <p>The last column of the same Table 3.2 is labeled “Unclassified” and is referenced to “AAFRC Trust for Philanthropy, 1999.” Yet, AAFRC’s <i>Giving USA 1999</i> has the Recipient category of “Unallocated” for 1968-1998 along with the Recipient category of “Gifts to Foundations” for the years 1978-1998.</p>
Validity of Data	F	<p>As noted above, external validation tests, comparing Independent Sector <i>GAVITUS</i> data with other sources indicated a volatility in the Independent Sector data that was not present in the other sources. Steps to reduce this variation were not taken as of the 1999 edition, and the 2001 edition indicated that the revised data is not comparable.</p> <p>While Independent Sector uses household contributions as a standard, AAFRC’s <i>Giving USA</i> uses aggregate. When the Independent Sector data is multiplied by the number of households in the United States to obtain an aggregate number to compare with <i>Giving USA</i>, the difference between the two estimates was \$56 billion for 1998 data.</p> <p>That the Independent Sector household data represented the United States was stated in its own press releases. Further, its methodology, while acknowledging that the sample did not target the wealthy, states, “Weighting procedures were used to ensure that the final sample was representative of the adult population in the United States in terms of age, race/ethnicity, education, marital status, size of household, region of country and household income.”¹¹⁰ One may assume, therefore, that multiplying its average household contribution by the number of households in the United States would yield an aggregate estimate for contributions in the United States. This calculation yielded an estimate of \$78.3 billion, compared to a <i>Giving USA</i> estimate of \$134.1 billion in 1998.¹¹¹</p> <p>An unexplained development in Independent Sector’s process was a 2001 comment on the Independent Sector Web site. While the Key Findings section reproduced the Key Findings section of the <i>GAVITUS</i> 1999 edition, another sentence was added that stated, “from 1995 to 1998, after inflation, the average household contribution decreased by 1.2%.*” The note to the asterisk stated, “At present both Independent Sector and AAFRC’s <i>Giving USA</i> 1999 estimate \$135 billion in total individual giving for 1997.”¹¹² No basis for Independent Sector’s estimate was provided.</p> <p>The <i>GAVITUS 2001</i> edition seems, on the face of it, to make two mutually exclusive assertions, namely that (1) weighting procedures were used to ensure that the sample is representative, and (2) the weighted sample is not representative due to an undersampling of those with incomes over \$200,000.</p>

¹⁰⁹ Weitzman, et al., 2002, p. 57.

¹¹⁰ Susan K.E. Saxon-Harrold et al., “Methodology and How to Interpret Survey Data,” *Giving and Volunteering in the United States: Executive Summary*, (Washington, DC: Independent Sector, 1999), p. 16.

¹¹¹ For a detailed comparison of the two estimates, see Ronsvale, 2000, pp. 61-68.

¹¹² “Household Giving in America;” “Giving and Volunteering in the United States: Findings from a National Survey;” published 1999; <http://www.independentsector.org/GandV/s_keyf.htm>; p. 2 of 1/26/01 9:41 AM printout.

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	<p>On the one hand, <i>GAVITUS 2001</i> stated, “This survey included an oversampling of Hispanics, blacks, and affluent Americans with household incomes of \$100,000 or higher in order to increase the sample sizes of these groups for statistical analysis purposes...Household income and respondent age were the only variables for which values were imputed because it was necessary for weighting. Weighting procedures were used to ensure that the final sample of respondents was representative of all noninstitutionalized adults 21 years of age or older.”¹¹³</p> <p>On the other hand, <i>GAVITUS 2001</i> stated, “Readers are cautioned because of survey limitations not to use the giving data to estimate total contributions, i.e., multiplying average household contributions by the number of households. If they do so, they will obtain total amounts that are considerably below amounts derived based largely on Internal Revenue Service data. One crucial reason is that high-income households, those with incomes of \$200,000 or more, are few in number and not generally available to be interviewed. Such households give a disproportionate share of total contributions relative to their presence among households.”¹¹⁴ It is interesting to observe that no similar caveat is given about all the giving-related tables and charts in <i>GAVITUS 2001</i>, due to the presumed, potential distortion occurring in giving-related findings as a function of the disproportionate effect of donors with incomes of \$200,000 or more.</p>
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¹¹³ Christopher M. Toppe, Arthur D. Kirsch, and Jocabel Michel, *Giving and Volunteering in the United States 2001: Findings from a National Survey* (Washington, DC: Independent Sector, 2002), p. 140.

¹¹⁴ Toppe, Kirsch, and Michel, 2002, p. 15.

