

NONPROFIT RESEARCH ABRIDGED

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A Reader's Guide to Research on Charitable Giving

"Arizonans, Take a Bow," was the June 2003 headline in the Arizona Republic, commending the 87 percent of residents who donated an average \$1,572 per household to charity in 2002, according to research published by the ASU Center for Nonprofit Leadership and Management. Both the rate of giving and average total annual contribution were on pace with national averages. Yet in November of that same year, a headline read "Arizona is 9th Stingiest State," reporting that Arizona came in 39th on The Generosity Index, which ranks states by the total amount given to charity relative to income. And in September of 2004, another story ran in the Arizona Republic, quoting a report from the Arizona Community Foundation and Leave a Legacy. This research found an average total contribution of \$2,724 per household for 2004, a number above the national average.

So which study is correct? As such headlines attest, research and public dissemination of charitable giving is becoming more common, yet the findings can be quite dissimilar. What accounts for such differing findings? This issue of Nonprofit Research Abridged will examine some of the recent research on charitable giving and will analyze some of the research methods that affect the findings. Understanding such differences provides individuals with a more informed interpretation of research studies and media reports.

Population and Sample

Two important ways that studies on charitable giving and volunteering differ are the population and the sample. In research, the entire group being studied is the population. The sample is the specific group that is drawn from the population. When sound techniques of random sampling are used, the findings from questioning or examining a sample can be generalized to the entire population.

Some studies on charitable giving use aggregate data from the charitable donations reported on tax returns. The advantages to using tax return information are that the data are accurate and the sample is very large. However, because the majority of people do not itemize deductions their income taxes, the findings from this type of research can not be applied to all households. In Arizona, approximately 35 percent of taxpayers itemize deductions. The Generosity Index (www.catalogueforphilanthropy.org) is a commonly cited list which ranks states based on charitable giving—using tax return data.

Because of the limitations to using tax return data, another common approach is a household survey given to a random sample of households. When the sample is drawn correctly and is a sufficient size, the findings can be generalized to all households within the region, not just those that itemize their tax returns. Both the ASU and the Arizona Community Foundation/Leave a Legacy studies mentioned in the first paragraph used a household survey questionnaire.

Questionnaire

When charitable giving research is conducted using a questionnaire, the length and type of questionnaire affects the research findings. A study done by the Center on Philanthropy at Indiana University compared how different questionnaires in giving studies influence the findings. They gave a different set of questions to households within the same region using identical sampling techniques. The longer and more detailed the questionnaire was, the higher the rate of giving and the larger the average total annual contribution. In the survey with the most detailed questions, households reported giving an average of \$1,000 more than those surveyed with the shortest, least detailed questionnaire. This is because more

prompts leads to greater recall; individuals recall the details of their charitable giving better when they are asked about it categorically and specifically.¹

There is some concern that a longer set of questions can cause respondents to over-report their giving. However, it is thought by researchers that having fewer prompts causes understatement more so than repeated questioning leads to exaggeration. In one diary study with weekly prompting, 100 percent of the sample gave to charitable organizations over the course of a year, which supports the theory that more questioning leads to greater recall. The study lasted 13 months, beginning and ending in January. The average amount given was not different between the first week and the last week, which supports the hypothesis that extensive and repeated questioning does not significantly inflate the responses of participants.²

Recent Research

The tables on the following page highlight four studies on charitable giving that have been cited in the local media. Two national studies are often cited: Giving and Volunteering in the United States, published biennially by the Independent Sector, and Giving USA, published annually by the Giving USA Foundation and researched by the Center on Philanthropy at Indiana University. While both are concerned with charitable giving, the methodologies and foci of these two studies are different. Giving and Volunteering in the USA is a random-sample telephone survey of households; it contains information on typical household giving and the factors that influence it. Giving USA estimates total individual giving in the U.S. using tax return data and a mathematical model to estimate giving not reported on tax returns. It reports overall giving in the U.S., including aggregate totals and overall patterns and trends. Both of these research reports are trusted sources for information on charitable giving in the U.S.—they are conducted by well-known nonprofit research institutions and their methodologies have been refined over many years.

Locally, Arizona Giving and Volunteering, published in 2002 by the ASU Center for Nonprofit Leadership and Management (ASU CNLM), used a random-sample

household survey similar to that of Giving and Volunteering in the United States. The sample size was 1,004 households. It found that 87.3 percent of households gave to charity in 2002, for an average \$1,572 total annual household contribution.

In 2004, The Arizona Community Foundation (ACF) and Leave a Legacy Arizona published Giving in Arizona. This study also used a random-sample telephone survey; the sample was 500 households, of which 299 reported the amount of their charitable giving. This research found that 81 percent of households gave within the past year, for an average total annual contribution of \$2,724.

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So why the difference in numbers between Giving in Arizona (the ACF report) and Arizona Giving and Volunteering (the ASU CNLM report)? The difference in the average contribution found by each of the studies (\$1,572 vs. \$2,724) is at least in part due to the smaller sample size for Giving in Arizona and the influence of larger gifts on the

average. Because the sample size for Giving in Arizona was 299 (for average contribution), higher contributions are influencing the mean (average) to a greater degree. This is evidenced by the median (midpoint) total annual contribution figures of the two studies, which are very similar. There is only a six percent difference in the rate of giving (87.3 vs. 81 percent), which is less significant and may be due to differences in the questionnaires. The Arizona Giving and Volunteering survey defined charitable organizations more broadly, and included nonprofit political organizations, which were excluded by Giving in Arizona.

As these examples illustrate, research studies on the same topic, charitable giving, using different methodologies, will often have different results. Therefore, when comparing local and national findings, it is important to examine whether the same methodology was used for the research being compared. Arizona Giving and Volunteering (ASU CNLM) is comparable to Giving in the United States because the methodology, including the survey questionnaire and the sampling techniques, closely mirror each other.

NATIONAL STUDIES

GIVING AND VOLUNTEERING IN THE UNITED STATES 2001

www.independentsector.org
Researched and published by the
Independent Sector

Type of study:

Telephone survey of 4,216 households
Asked about giving by area
(arts, education, etc.)

Key findings:

Rate of giving: **89%** of households
Average annual contribution
per household: **\$1,620**

GIVING USA 2005

www.givingusa.org
Published by the Giving USA Foundation
Researched and written by the
Center on Philanthropy at Indiana University

Type of study:

Multifaceted data analysis providing information
and trends on charitable giving in the United States

Key findings (individual giving):

Charitable giving by individuals an estimated
\$187.92 billion in 2004
Gifts from individuals represented
1.9% of personal income

ARIZONA STUDIES

ARIZONA GIVING AND VOLUNTEERING (2002)

<http://nonprofit.asu.edu>
Researched and published by the
Arizona State University Center for Nonprofit
Leadership and Management

Type of study:

Telephone survey of 1,004 households
Asked about giving by area
(arts, education, etc.)

Key findings:

Rate of giving: **87%** of households
Average annual contribution
per household: **\$1,572**

GIVING IN ARIZONA (2004)

www.azfoundation.org
Published by the Arizona Community Foundation
and Leave A Legacy Arizona
Researched by WestGroup Research

Type of study:

Telephone survey of 500 households
Asked for one-year total
for charitable giving

Key findings:

Rate of giving: **81%** of households
Average annual contribution
per household: **\$2,724**

NOTES

1. Rooney, P., Steinberg, K., & Schervish, P.G. "Methodology is Destiny: The Effect of Survey Prompts on Reported Levels of Giving and Volunteering." *Nonprofit and Voluntary Sector Quarterly* 33: 628-654 (2004).
2. Havens, J.J., & Schervish, P.G. "The Methods and Metrics of the Boston Area Diary Study." *Nonprofit and Voluntary Sector Quarterly* 30: 527-550 (2001).

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