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## Individual Giving Compared To Charitable Gross Receipts

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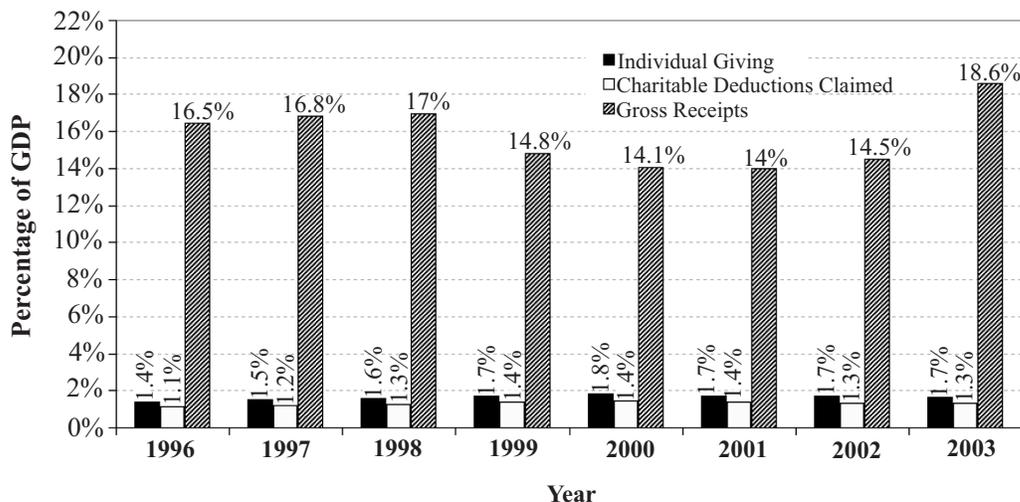
Individual giving to public charities — most of which comes in the form of charitable deductions from tax return filers who itemize on their returns — actually comprises only a small part of charities' gross receipts each year. The federal tax expenditure cost of individuals' charitable deductions was \$37 billion (0.3 percent of gross domestic product) in 2003, according to the Office of Management and Budget.

Current tax provisions reduce the cost of giving for itemizers from \$1 to  $\$1 - t$ , in which  $t$  is a return filer's marginal tax rate. That is, for an itemizer in the 35 percent tax bracket, the cost of giving a dollar to charity is just 65 cents. In an effort to broaden the incentives, the Tax Relief Act of 2005 (S. 2020) would, if enacted, allow a charitable

contribution deduction for return filers who do not itemize and who make cash contributions in excess of \$210 (\$420 for joint filers).

The chart below compares individual charitable deductions and total individual giving with the gross receipts of reporting charities from 1996-2003 as a percentage of GDP. Individual deduction numbers are from the IRS, and individual giving is a *Giving USA* estimate derived from these data. Note that gross receipts do not include all charities, because the data from the National Center for Charitable Statistics (NCCS) rely on IRS Form 990 filings that exclude religious congregations as well as organizations with under \$25,000 in gross receipts. Although total giving by individuals steadily rose from 1996 to 2000, it has declined slightly in recent years. Although the figures are not strictly comparable, total individual giving hovered around 8 percent to 12 percent of charitable gross receipts over the 1996-2003 period. If one thinks about large hospitals and universities, which often depend more on other sources of income such as fees and contracts, then the relationship is easy to understand.

Individual Charitable Giving Compared With Charitable Gross Receipts, 1996-2003



Source: The Urban Institute, 2005. Based on data from the NCCS National Nonprofit Research Database (2005), American Association of Fundraising Counsel Trust for Philanthropy's *Giving USA* (various years), and the Budget of the U.S. Government FY 2006. Note that "Gross Receipts" from the NCCS database includes only charities that have filed IRS Form 990 (excludes religious congregations and organizations with under \$25,000 in gross receipts).



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