

THE GIVING ENVIRONMENT:

Understanding Pre-Pandemic Trends in Charitable Giving



*Data on Declining
US Donor Participation*

JULY 2021



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Acknowledgements

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Una O. Osili, Associate Dean for Research and International Programs
Sasha Zarins, Research Project Manager (primary author)
Xiao Han, Research Associate (primary statistician)
Xiaonan Kou, Associate Director for Research
Shivant Shrestha, Visiting Research Associate
Diantha Daniels, Administrative Assistant
A driene Davis Kalugyer, Manager of Public Affairs

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Philanthropy Panel Study

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Table of Contents

Acknowledgments	2
Indiana University Lilly Family School of Philanthropy	2
Philanthropy Panel Study	2
Table of Contents.....	3
Introduction	5
Background	6
Key Findings.....	7
Methodological Approach	8
Summary	8
Frequency and Sample Size	8
Design	9
Giving Information.....	9
Income and Wealth	9
Demographics.....	9
Regional Giving Differences	9
Philanthropy Panel Study	10
About the Dataset	10
Strengths	10
Limitations.....	10
Current Population Survey	11
About the Dataset	11
Strengths	11
Limitations.....	11



Consumer Expenditures Survey	12
About the Dataset	12
Strengths	12
Limitations	12
General Social Survey	13
About the Dataset	13
Strengths	13
Limitations	13
Results	14
Overall.....	14
Changes in Giving Participation Rates.....	14
Changes in Average Giving Amounts	15
Religious Giving vs Secular Giving	17
Changes in Giving Participation Rates.....	17
Changes in Average Giving Amounts	17
Income and Wealth.....	18
Race and Ethnicity	20
Trust.....	21
“Dollars Up, Donors Down”	22
Discussion	23
Implications	24
References	26

Introduction

2020 was one of the most impactful years that most – if not all – people alive today have experienced [1]. In what is considered one of the most severe public health crises since the 1918 flu pandemic, the COVID-19 pandemic impacted every country worldwide and shut down many of the world's largest economies, including the United States [2]. In the United States, the effects of the pandemic were compounded by the heightened national awareness about racial and social injustices and inequalities [3].

The combined effects of these economic, political, and social shifts affected every sector, including the nonprofit sector. In February 2020, the United States entered a recession [4], and by April, unemployment reached an all-time high [5]. While some industries recovered by the end of the year [6-8], others did not [9]. In addition, some demographic groups were hit harder than others, including Black, Indigenous, and people of color (BIPOC) in particular [10; 11].

The increased awareness about racial and social justice issues following the killing of George Floyd as a result of police violence, the growth of the Black Lives Matter movement, and violence against Asian Americans [3; 12] caused individuals of all economic, social, and political backgrounds to donate directly to these causes [13-15].

Charitable giving reached an all-time high in 2020 with Americans donating \$471 billion. This includes an adjustment of over \$4 billion for COVID-19 relief and racial justice giving on top of what would normally be expected for those types of causes in 2020 [16; 17]. However, in order to better understand these trends, we need to better understand the landscape of philanthropy before the onset of the pandemic and the increased awareness of social and racial justice issues.

For the first time since the Philanthropy Panel Study (PPS) began tracking the share of American households who donated to charity in a given year, the participation rate has dropped to half. In 2018, 49.6 percent of American households donated to charity, according to the PPS data, down from 66.2 percent of American households donating in 2000 when the PPS began tracking [18]. Declines in the giving rate occurred among almost all socio-demographic groups, including by race, age, income, and education level. Despite these declines, generosity is a shared human behavior that spans time, race, ethnic background, and geography.

49.6%
of American
households
donated to
charity in 2018.



Most of the decrease in giving participation occurred after the Great Recession [19]. The Great Recession of 2008 (December 2007 to June 2009) substantially affected whether people donate to charity and how much they donate, but the trends did not slow or reverse once the economy had recovered from the recession. Recent events, especially the economic, health, social, and political events that occurred in 2020, have the potential to significantly alter giving behavior. The global COVID-19 pandemic has altered both how and why people give [20]. However, in order to understand how the events of 2020 affect people's giving decisions, we need to understand what was happening in the years leading up to the pandemic and other changes that occurred.

This paper seeks to expand upon existing knowledge on the decline in giving participation by comparing results from four national datasets. Across various datasets, we can see declines in the share of households that donate to charity in recent decades. However, the causes of this decline are complex. In this brief, we examine the effects of income and wealth, race, and interpersonal trust on changes in giving participation.

Background

Giving differs by age, gender, income, wealth, education, race and ethnicity, and religious tradition [21; 22]. Recently, declining rates of charitable giving have been found across diverse groups of donors [23]. The PPS [18], which is the philanthropy module of the Panel Study of Income Dynamics (PSID) [24], is the most comprehensive, longest-running panel study on charitable giving in the United States, but it is not the only dataset that contains information about philanthropic behavior. The purpose of these datasets varies widely. As a result, methods of data collection and survey design differ based on the purpose of the dataset. Therefore, the measures of giving rates and amounts may not be directly comparable across datasets without properly accounting for these differences in statistical analyses and interpretations. For example, previous research that compared six major household surveys of charitable giving found that how experienced the survey organization was in dollar-amount questions, input cues provided by the survey instrument, and the methodology used to sample giving among high-income households all affected the reported rates of giving and average giving amounts across the datasets [25].

Key Findings

1. The share of American households that donate to charity has been steadily declining since the Great Recession. This trend can be seen across multiple datasets.
2. The percentage of American households that donate to charity fell to 49.6 percent in 2018 for the first time since the Philanthropy Panel Study began tracking charitable giving.
3. The decline in the percentage of households that donate to religious causes (46 percent in 2000 to 29 percent in 2018) has outpaced the decline in the percentage of households that donate to secular causes (55 percent in 2000 to 42 percent in 2018).
4. The decline in the average amount donated to religious causes by American households (\$1,107 in 2000 to \$771 in 2018) has outpaced the decline in average amount donated to secular causes (\$684 in 2000 to \$509 in 2018). This is likely driven by the increase in households who do not donate.
5. The decline in the share of households that donate to religious causes started before the Great Recession (2004). In contrast, the decline in the share of households that donate overall and the share of households that donate to secular causes began declining after the Great Recession (2010).
6. Giving rates declined for all racial groups (Black, white, Hispanic, other), but giving amounts only declined for Blacks, whites, and Hispanics.
7. Just over one third of the decline in giving participation can be attributed to changes in income and wealth.
8. Trust and giving rates both decreased among both younger and older Americans; in addition, both trust and giving participation rates decreased more among younger Americans than older Americans.



Methodological Approach

Building on previous research conducted at the school [19; 23; 26], this paper advances the current understanding of the trends in donor participation. We analyzed data from the Philanthropy Panel Study (PPS; [18; 24]), General Social Survey (GSS; [27]), Current Population Survey (CPS; [28]), and Consumer Expenditures Survey (CE; [29]) to compare how the decline in donor participation differs across datasets.

Summary

Table 1. Comparison of datasets

Design	Giving years	Frequency	Number of years	Sample size (per wave)	Giving rates	Giving amounts	Subsectors	Income	Wealth
PPS Longitudinal Panel	2000 to 2018	Biennially	10	7,000 - 9,000	Yes	Yes	10 sectors	available	available
CPS Cross-sectional	2008 to 2015	Annually	8	80,000 - 90,000	Yes	NA	NA	imputed	NA
CE Cross-sectional	2002 to 2018***	Annually	15	30,000 - 38,000	Yes	Yes	religious/secular	available	NA
GSS Cross-sectional	2002, 2004, 2012, and 2014	Biennially	4*	2,000 – 3,000	Yes**	Yes*	NA	imputed	NA

NA = Not available

*Giving rates included in 4 years, but giving amounts were only included in two years

**Questions were different

*** In our analysis we exclude 2002 and 2003 CE due to change in the measure of family income since 2004

Frequency and Sample Size

As shown in *Table 1*, the datasets differ in a number of significant ways. The PPS and GSS are both biennial surveys with data collected in odd years about behaviors in even years (e.g., the 2019 wave of the PPS was collected in 2019 about giving in 2018). However, the GSS has not asked about giving behaviors in every year; it asked whether or not people donated in 2002, 2004, 2012, and 2014 and about giving amounts in 2012 and 2014. Alternatively, the CPS and CE are annual surveys and have included information on giving behaviors since 2008 and 2004, respectively. In addition, the CPS and CE have larger sample sizes than the PPS and GSS.

Design

The PPS uses a longitudinal panel design. As part of the larger PSID, the PPS follows the same families over time. In contrast, the CPS, CE, and GSS use a cross-sectional design. A new nationally representative sample of individuals is randomly selected for each year.

Giving Information

The PPS and CE both include questions on whether or not people donated (i.e., giving participation rates) and how much they donated in every wave since 2000 and 2004, respectively. In addition, both the PPS and CE collect separate data on religious and secular giving. The PPS breaks down secular giving into nine additional subsectors: arts and culture, basic needs, combined purposes, education, environment, health, international aid, neighborhood and community, and youth.¹ The GSS includes questions on whether or not people donated in four waves and questions on giving amounts in two waves. The CPS includes questions on whether or not people give since 2008.

Income and Wealth

Income data are available in the PPS and CE; respondents are asked to report their actual household income. However, income must be imputed in the CPS and GSS because participants in those surveys are asked to report their income by indicating which group includes their income for the previous year (e.g., households with an income of \$42,000 or \$46,000 would both choose the \$40,000 to \$49,999 group). Wealth data are only available in the PPS; this includes assets such as home value, stocks, IRA and private annuities, other real estate, vehicle value(s), and checking and savings' balances, as well as negative wealth such as mortgage balances and other debt.

Demographics

All four datasets are nationally representative and vary little in terms of demographic composition. For example, 54 percent of respondents are married in all datasets (including permanent cohabitation in the PPS), percentages of respondents identified by race and ethnicity are similar across datasets, and number of children in the household is similar across datasets. Average age differs slightly; the average age of respondents in the PPS and CE is 50 years of age and the average age of respondents in the CPS and GSS is 47 years of age.

Regional Giving Differences

Three of the datasets (CPS, CE, and PPS) include enough information to examine changes in giving incidence and giving amounts by geographic region (northeast, midwest, south, and west). Giving incidence rates do not vary greatly by geographic region. Similarly, there are no consistent regional differences in giving amounts. However, there are some outliers in giving amounts in the CE and PPS data. See the *Online Appendix* for tables including giving rates and giving amounts by region.

¹ For a detailed analysis of changes in giving participation rates and giving amounts by subsector, please see *A GenerosityForLife Research Brief: 16 Years of Charitable Giving Research* [26].



Philanthropy Panel Study

About the Dataset

The Indiana University Lilly Family School of Philanthropy's Philanthropy Panel Study (PPS) is a module of the University of Michigan's Panel Study of Income Dynamics (PSID). Beginning in 1968, the PSID is the longest-running longitudinal survey of U.S. households. The PPS module was added in 2001 and is the best available data on charitable giving and volunteering by the U.S. population.

Questions on Giving Behaviors²

Next, we will be talking about donations to charities that serve a variety of purposes such as religious activity, helping people in need, health care and medical research, education, arts, environment, and international aid.

Charitable organizations include religious or non-profit organizations that help those in need or that serve and support the public interest. They range in size from national organizations like the United Way and the American Red Cross down to local community organizations. Political contributions are not included.

Donations include money, assets, property or goods, whether made directly to the organization, through payroll deduction, or on the internet.

During 2016, did you (or anyone in your family) donate money, assets, property or goods, with a combined value of more than \$25 to religious or charitable organizations?

Strengths

The PPS data include the most comprehensive measures of charitable giving in the U.S. In addition, the PSID contains high-quality data on income and wealth, which can be used in conjunction with the PPS data to allow researchers to better understand the relationship between income and wealth and charitable giving and/or to control for these factors when examining charitable giving across the population.

The PSID, including the PPS, is a longitudinal study that follows the same households over time. This allows researchers to examine changes in philanthropic behavior within individuals, households, and families. Adult children of PSID families who start their own families are also included in the study. Families can be linked across generations. In addition to following families that have been in the study since 1968, a refresher sample that included families that have immigrated to the U.S. since 1968 was added in 1997 and 2016.

Furthermore, the PSID interviewers are experienced in collecting survey data, including dollar-amount questions. Previous research has shown that this experience leads to higher quality data and lower non-response rates [25].

Limitations

One limitation of the PPS is that it limits questions about giving to households who gave at least \$25. Therefore, individuals or household who donated between \$1 and \$24 are marked as non-donors in the PPS data.

² Text from the 2017 Philanthropy Panel Study survey is used as an example.

Current Population Survey

About the Dataset

The Current Population Survey (CPS) focuses on the U.S. labor force. Core data, including data on employment, earnings, and education, are collected monthly with supplemental data such as questions on charitable giving and volunteering are collected annually or biannually [30]. The CPS is sponsored by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics.

Questions on Giving Behaviors

During the past 12 months, did you donate money, assets, or property with a combined value of more than \$25 to charitable or religious organizations?

Strengths

The CPS is also nationally representative, including information on people who are employed, unemployed and looking for work, and unemployed but engaged in other activities [28; 31]. It has the largest sample size of the four datasets included in this brief, with 80,000 to 90,000 respondents in each wave. In addition, like the PSID, the CPS data are collected by experienced interviewers, meaning the data are of high quality and have low non-response rates [32].

The CPS includes some of the highest quality data on income and wages and is used by the federal government to calculate unemployment and poverty rates [31; 33].

Limitations

Similar to the PPS, the CPS limits charitable giving to individuals who have donated at least \$25. Due to space considerations, the CPS does not include the follow-up prompts, including questions about the amount contributed or the type of organization receiving the contribution, that were added in the PPS along with this question. Additionally, like the CE and the GSS, the CPS does not provide data on household wealth. These limitations can make it more difficult to understand giving patterns, as it may not be capturing certain households or certain gifts.



Consumer Expenditures Survey

About the Dataset

The Consumer Expenditure Survey (CE) is a national, annual survey focused on reported giving by U.S. consumers [29]. The survey has been conducted since the early 80s with 30,000 to 38,000 respondents and includes information on giving rates, amounts, as well as reported income from those surveyed. Wealth is not included. We included CE data from 2014 and later because giving rates and/or family income were not consistently measured before 2004.

Questions on Giving Behaviors

Since the first of the reference month, have you or any members of your household given any money by cash, checks, money orders, or credit cards to benefit:

Educational institutions?

Political organizations?³

Religious Organizations, including churches, temples and mosques?

Charities or other organizations?

Strengths

The CE has a similar set of survey questions to the CPS and features a similarly large sample size of respondents. This allows for easy comparison across datasets and provides a common baseline to examine reported philanthropic giving. The CE and the CPS data also cover similar timeframes, 2008 to 2018 and 2004 to 2015 for the CE and the CPS data, respectively. This allows an easy point of comparison as these similar timeframes make it easier to adjust for economic conditions and other time-sensitive external conditions.

The CE is collected in many waves (15), and most of these waves are easily available. This makes it easy to compare data collected across several different years, collected in different economic conditions, and make necessary adjustments about reported philanthropic giving. The CE is also a very comprehensive measure of consumer expenditures. Respondents are asked about several different measures of consumer behavior. This provides unique points of comparison in addition to standard cross-sectional measures of income and reported giving.

Limitations

The CE has a large, cross-sectional sample size. However, one of its limitations is that it only includes subsector breakdowns of secular and religious giving. This prevents comparisons across subsectors. The CE also lacks specific measures of wealth. This is a limitation because household wealth is important for measuring philanthropic giving between different households and persons.

³ Giving incidence is defined as gave to any purposes above except political organizations

General Social Survey

About the Dataset

The GSS is a cross-sectional survey focused on people's general social behaviors and opinions. Data on giving are gathered in two different ways. There are four waves that ask about giving incidence (2002, 2004, 2012, and 2014), two of which (2012 and 2014) ask about giving amounts. Each wave includes approximately 2,000 to 3,000 respondents.

Questions on Giving Behaviors

During the past 12 months, how often have you done each of the following things:

Given money to a charity: More than once a week

Once a week

Once a month

At least 2 or 3 times in the past year

Once in the past year

Not at all in the past year

Don't know

No answer

Not applicable

Strengths

A key strength of the GSS from other surveys is how it includes general attitudinal questions, including a wide array of questions about people's opinions on various social trends, political thoughts, values, and beliefs. These variables can provide useful measures of the role of beliefs and attitudes and their relationship to giving patterns.

Limitations

The GSS has limited information on income and wealth. In addition, the GSS question in regards to giving is different than other surveys. Whereas other surveys ask about whether individuals give or not, the GSS only asks about frequency of giving.



Results

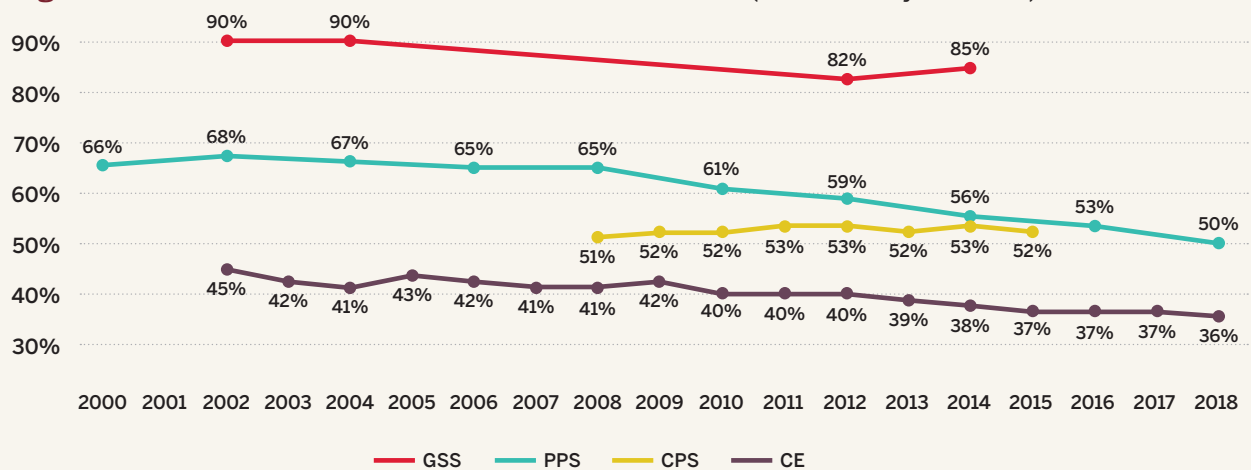
Overall

Changes in Giving Participation Rates

First, we compared raw summary statistics (Figure 1).⁴ The PPS showed the largest decline. After remaining around 65 percent to 68 percent between 2000 and 2008, the share of Americans who donate declined after the Great Recession, reaching a low of 50 percent in 2018. In comparison, the CE showed a decline of about 9 percentage points in giving rates from 2002 to 2018. However, the CPS shows that giving rates have been stable. Giving rates in the GSS data are much higher than giving rates in the other three datasets. This could be due to the fact that the questions about giving are asked differently in the GSS than in the PPS, CE, and CPS. Despite the higher giving rates, the GSS also shows some declines in giving participation rates (from around 90 percent to 82-85 percent).

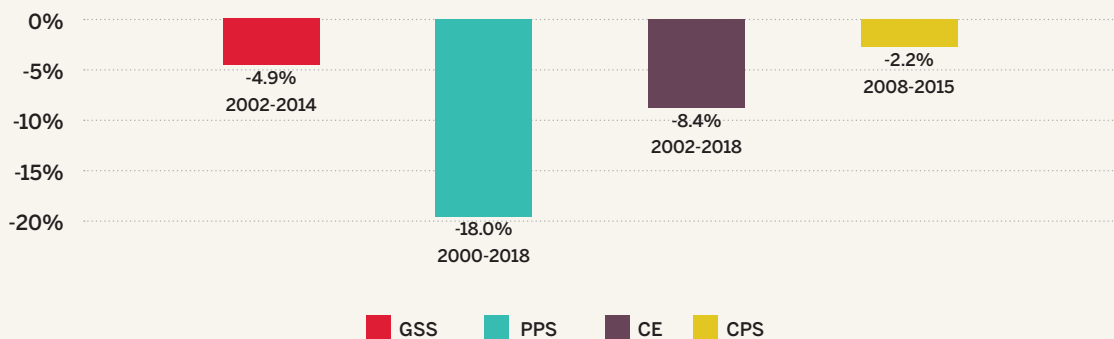
Next, we compared regression-adjusted changes in giving rates across datasets (Figure 2). We controlled for age, race, education, family income, number of children, and marital status in all four datasets. All four datasets showed decreases in giving rates when controlling for demographic variables. The PPS still had the largest drop in giving participation rates: compared with giving rates in 2000, giving rates in 2018 were 18.0 percent lower. In the CE, giving rates in 2018 were 8.4 percent lower than in 2002; and in the GSS, giving rates were 4.9 percent lower in 2014 than in 2002. CPS saw the smallest decline in giving rates, 2.2 percent from 2008 to 2015.

Figure 1. Share of Americans who donate across four datasets (raw summary statistics)



⁴ Tables including all summary statistics are available in the Online Appendix.

Figure 2. Changes in share of Americans who donate across four datasets over time (regression adjusted)



Changes in Average Giving Amounts

The PPS and CE also included average giving amounts. In both datasets, average giving amounts declined, but they declined significantly more in the PPS than in the CE. Overall, the average amount donated by American households in the PPS dropped from \$1,790 in 2000 to \$1,280 in 2018, a 28 percent decrease. When controlling for demographic variables, average giving amounts in the PPS declined 75 percent. In the CE, average giving overall decreased from \$250 in 2002 to \$152 in 2018, a 39 percent decline. When controlling for demographic variables, average giving amounts in the CE declined 47 percent.

This change is primarily driven by the increase in the number of households who did not donate to charity. Among households who donated to charity according to the PPS, average giving amounts have remained relatively steady between 2000 (\$2,703) and 2018 (\$2,581), with a low of \$2,532 in 2002 and a high of \$2,890 in 2016.



Figure 3. Changes in average giving amounts (raw summary statistics)

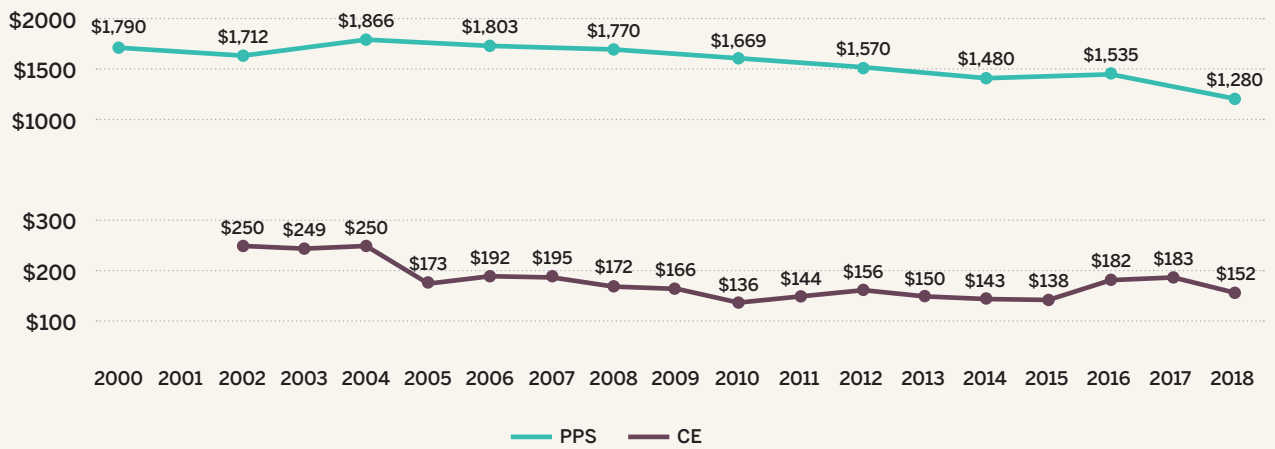
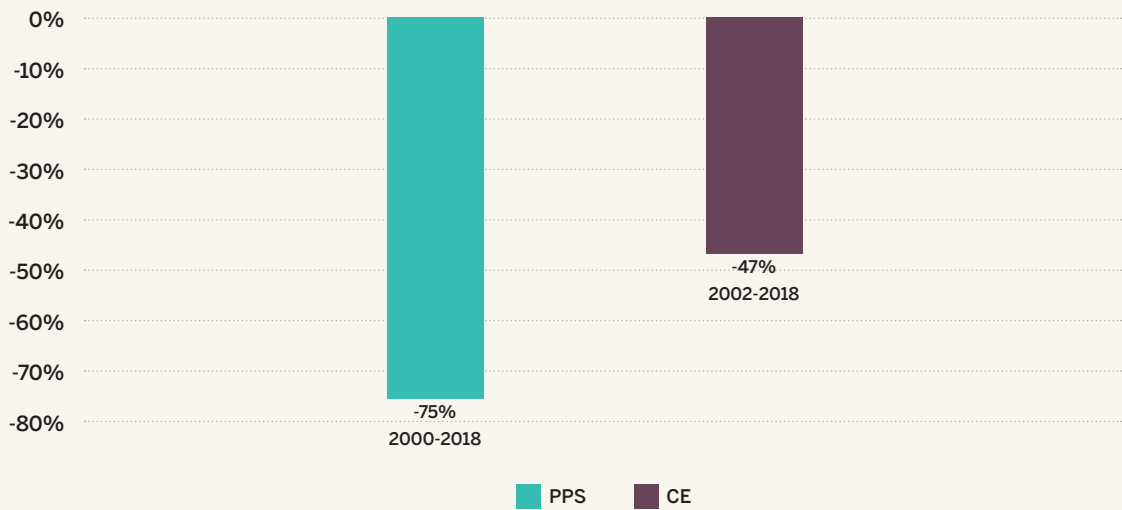


Figure 4. Changes in average giving amounts (regression adjusted)



Religious Giving vs Secular Giving

Changes in Giving Participation Rates

Across datasets that track religious and secular giving separately, we see large declines in the share of Americans who donate to religious causes than in the share of Americans who donate to secular causes. In the PPS, 46.5 percent of American households donated to religious causes in 2000. This fell to only 29.0 percent of American households in 2018. When controlling for family and demographic characteristics, the share of Americans who donated to religious causes declined 20 percent from 2000 to 2018. Interestingly, unlike overall giving participation rates, which began to decline after the Great Recession, the share of American households who gave to religious causes began declining prior to the Great Recession. The percentage of households who gave to religious causes remained constant around 46 percent through 2004 but fell to 42.8 percent in 2006 and has continually declined since.

In the CE data, between 2002 and 2018, the share of Americans who donated to religious causes followed a similar, albeit less severe trend. In 2002, 34.8 percent of American households donated to religious causes according to the CE. This fell to a low of 23.5 percent in 2018.

In the PPS, 55.2 percent of households donated to secular causes in 2000. This number remained between 55 percent and 56.5 percent through 2008, after which the share of households donating to secular causes began dropping, reaching a low of 41.6 percent in 2018. When adjusting for family and demographic characteristics, giving participation rates decreased 15.0 percent between 2000 and 2018.

In contrast, the share of Americans who gave to secular causes in the CE remained relatively stable between 2002, when 20.1 percent of Americans households donated to secular causes, and 2018, when 16.6 percent of American households donated to secular causes. The percentage of households donating to secular causes peaked in 2005 at 20.9 percent in the CE and reached a low of 15.9 percent in 2015.

Changes in Average Giving Amounts

In the PPS, average giving amounts to religious causes decreased more than average giving amounts to secular causes. Again, this is likely driven by the increase in the share of households donating \$0. In 2000, the average donation to religious causes by Americans was \$1,107; this decreased 30 percent to \$771 in 2018 (adjusted for family and demographic characteristics, average giving amounts to religious causes declined 76 percent). Average giving to religious organizations by households that donated to these types of organizations increased between 2000 when the average donation was \$2,380 and 2018 when the average donation was \$2,656. This trend peaked in 2016 when the average donation to religious purposes among households who gave to that specific purpose was \$2,760 after reaching a low of \$2,302 in 2002.

The average donation to secular causes by Americans declined 26 percent between 2000 and 2018, falling from \$684 to \$509 (adjusting for family and demographic characteristics, average giving amounts to secular causes declined 61 percent). Average giving to secular organizations by households that donated to these types of organizations remained relatively steady between 2000 and 2018 (\$1,238 and \$1,225, respectively). The average peaked in 2016 when the average donation to secular purposes among households who gave to that specific purpose was \$1,471 after reaching a low of \$1,144 in 2002.



Similar to the changes in giving participation rates, average giving amounts in the CE declined significantly more for giving to religious causes than for giving to secular causes between 2002 and 2018. In 2002, on average, American households donated \$188 to religious causes; this declined by almost 51 percent to \$92 in 2018. The average donation to secular causes by American households remained relatively steady between 2002 and 2018, increasing from \$47 to \$49. The average donation to secular causes peaked in 2017 at \$88, and reached a low of \$37 in 2010. Adjusting for family and demographic characteristics, average giving amounts to secular and religious causes declined 15.0 and 47.7 percent respectively.

Income and Wealth

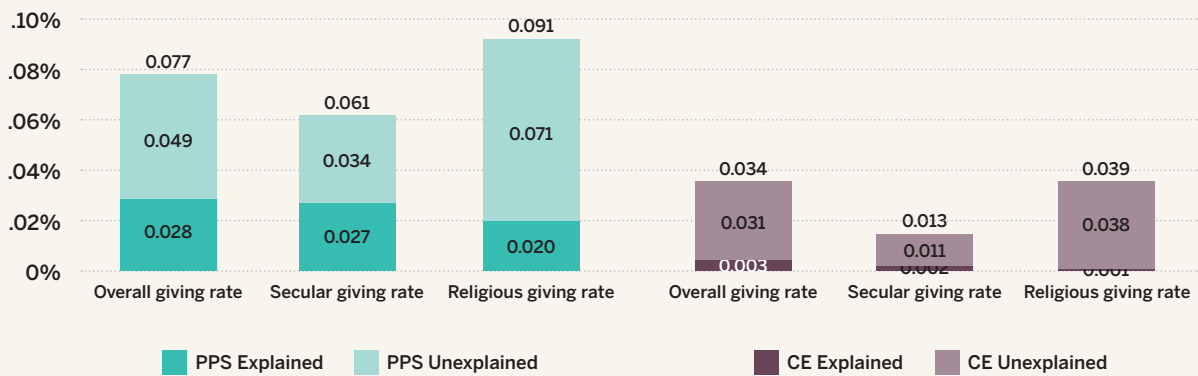
One possible cause of the decreasing participation is changes in income and wealth. If households have lower income and/or less wealth, they may decrease their giving. Previous literature has found that the 2008-2009 Great Recession had a strong and negative impact on charitable giving [19]. We estimated⁵ the proportion of the decline in giving participation rates that can be attributed to factors such as changes in education, income, and marital status following the Recession; and what proportion of the decline cannot be explained to those changes, but rather due to unmeasured factors. Therefore, we define periods before 2009 as the pre-recession period, and 2009 and later as after-recession period.

⁵ In our analysis we use Blinder-Oaxaca decomposition to analyze the decline in giving rates. The Blinder-Oaxaca decomposition method is a statistical technique used to determine how much of the mean difference between two groups (e.g. the difference between the share of Americans who donated in 2000 and the share of Americans who donated in 2016 in the PPS) is due to known explanatory variables (i.e. income and wealth) and how much of the difference is due to unknown variables (i.e. the difference in the regression coefficients). Note that due to the panel nature of the analysis, 2016 giving data was used instead of 2018 giving data.

Only the PPS and CE have income data. In the PPS data, 36 percent⁶ of the decline in overall giving rates can be explained by declines in income, wealth, and home values. Moreover, 44 percent⁷ of the decline in secular giving rates can be explained by the same economic factors while only 22 percent⁸ of the decline in religious giving rates were explained by such factors.

However, the CE does not include wealth data. Therefore, we used total consumption expenditure in the last quarter as proxy for financial status. In the CE data, the majority of the decline was NOT explained by declines in income and consumption.

Figure 5. Share of decline in giving participation rates that is explained by changes in income, wealth, and home values in the PPS and the CE



⁶ In figure 5, this corresponds to the explained portion of the overall giving rate (0.028/0.077 = 36%).

⁷ In figure 5, this corresponds to the explained portion of the secular giving rate (0.027/0.061 = 44%).

⁸ In figure 5, this corresponds to the explained portion of the religious giving rate (0.020/0.091 = 22%).



Race and Ethnicity

The PPS, CE, and GSS include demographic information that allows us to examine giving trends by race and ethnicity. Similar to the patterns for overall giving trends, across datasets, trends are similar across racial groups.

In the PPS, overall giving rates declined for individuals of all racial and ethnic groups, including Black households (48.7 percent to 32.8 percent), white households (71.2 percent to 57.9 percent), Hispanic households (44.0 percent to 25.5 percent), and households of other races (60.4 percent to 51.0 percent) between 2000 and 2018. Similar declines were found for secular and religious giving rates with participation rates decreasing between 2000 and 2018 across all racial groups.

Overall average giving amounts decreased for Black households (\$999 to \$619), white households (\$1,947 to \$1,630), and Hispanic households (\$555 to \$291), but no clear trends were found in average giving amounts for other races (\$1,210 to \$1,149 with a high of \$2,140 in 2006) between 2000 and 2018. These trends were driven by changes in average giving amounts to religion. Like overall average giving amounts, average giving amounts to religious causes decreased for Black households (\$761 to \$446), white households (\$1,169 to \$967), and Hispanic households (\$397 to \$165), but no clear trends were found in average giving amounts for other races (\$857 to \$684 with a high of \$1,392 in 2006) between 2000 and 2018. Average giving amounts to secular causes between 2000 and 2018 only decreased for Black households (\$238 to \$173), but remained steady for Hispanic households (\$158 to \$126) and white households (\$778 to \$663), while slightly increasing for households of other races (\$353 to \$465 with a high of \$747 in 2006).

In the CE, giving rates declined for all races (see *Online Appendix* for graphs). These trends appear to be primarily driven by declines in giving to religious causes. While Black individuals were more likely to give to religious causes than other races, white individuals were more likely to give overall than other races. White individuals gave more on average than other races, and overall we do not see substantial declines in giving amounts across races from 2004 to 2018. We also do not see any trends in average giving amounts *by donors* across races.

Again, in the GSS, we see declines in giving rates for all races. However, it should be noted that the giving questions were asked differently in the GSS than in the PPS and CE.⁹

In addition to the datasets already covered, the 1974 National Study of Philanthropy found that giving rates for non-white¹⁰ and white individuals were relatively similar overall¹¹ with 87 percent of both non-white and white individuals donating to charity. While there were some initial differences by race for giving to secular causes and to religious causes (see Table 2), these differences were nearly diminished when controlling for age, education, marital status, and family income.

⁹ See *Methodological Approaches* section for the survey questions included in these datasets.

¹⁰ The 1974 National Study of Philanthropy does not include further racial breakdowns.

¹¹ There were slight differences in religious giving rate: 41 percent of white respondents and 32 percent of non-white respondents donated to religious organizations. Giving to secular causes was relatively similar with 82 percent of white respondents and 83 percent of non-white respondents donating to such causes.

Table 2. Average giving amounts¹² reported in the 1974 National Study of Philanthropy by race

	Giving amount		Giving amount ¹³ with controls	
	Non-white	White	Non-white	White
Religious	\$586.37	\$1,382.76	\$1,217.75	\$1,179.62
Secular	\$300.46	\$826.87	\$692.86	\$986.80
Overall	\$886.83	\$2,209.63	\$1,910.61	\$2,166.42

Trust

Another possible explanation for the declining participation rates is the changes in interpersonal trust. Research has shown that interpersonal trust¹⁴ has decreased in recent decades in the United States and is lower among young Americans than older Americans [35]. The GSS includes a measure of interpersonal trust (“Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?”). Therefore, trends in trust can be compared to changes in giving participation rates. We examined changes in giving rates and trust separately for younger Americans (30 or younger) and older Americans (above 30). Trust and giving rates both decreased among both younger and older Americans; in addition, both decreased more among younger Americans than older Americans. These similar trends suggest that changes in interpersonal trust may be linked to changes in giving rates.

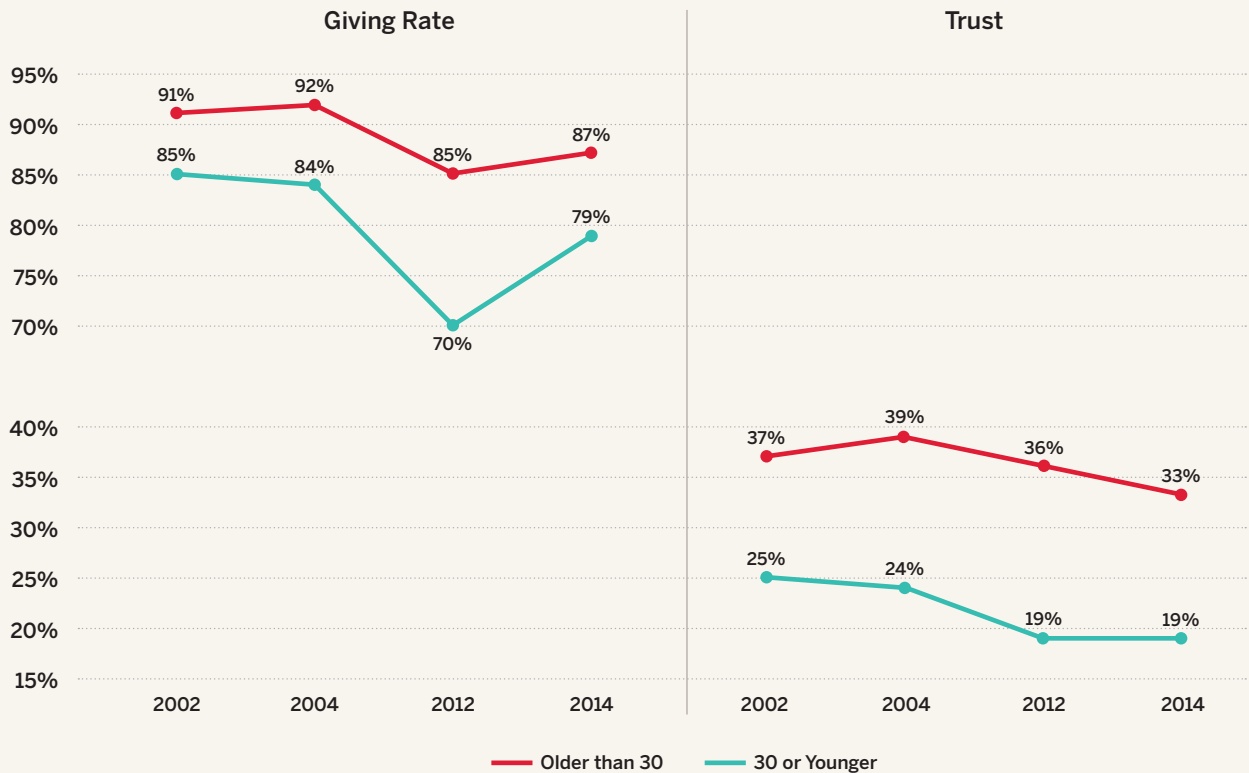
¹² 1974 dollars

¹³ Predicted

¹⁴ For an overview of measuring interpersonal trust, see Lewicki, Tomlinson, & Gillespie, 2006 [34].



Figure 6. Changes in interpersonal trust and giving participation rates in the GSS



“Dollars Up, Donors Down”

Overall, both the share of American households who donate to charity and the average donation to charity has declined steadily since the Great Recession. These trends can be seen both among religious giving and secular giving, but declines are sharper for religious giving. Declines in average donation amounts is likely driven by the increase in the percentage of American households who do not donate to charity. In other words, average donations by *those who donate* are increasing. This phenomenon, called “Dollars Up, Donors Down,” is why total charitable giving in the United States has continued to increase according to *Giving USA* [16].

In 2018, when the share of American households that donated to charity fell to half for the first time in the PPS, individuals donated \$306 billion, the second highest amount donated by individuals up to that point [16]. In the midst of a global pandemic, economic recession, and increased attention paid to social and racial justice issues, giving by individuals reached a new high in 2020 at \$324 billion, accounting for 60 percent of the \$471 billion donated overall.

Discussion

Our analyses showed that changes in income and wealth only account for a small part of the decline in giving participation rates. However, there are many complex factors that help explain why participation in charitable giving may be declining. Researchers have shown similar recent declining trends in empathy [36], compassion [37], and interpersonal trust [27]. Charitable giving is motivated by a wide range of motivations from altruism, to enhancing one's social or economic status, to receiving a tax incentive [38; 39]. However, little is understood about how these motivations are causally linked to the decline in participation in charitable giving. It is possible, for instance, that changing motivations are linked to changes in the decision to donate.

Motivations are not the only possible causes for the decline in participation in charitable giving. New forms of charitable giving appear to be growing at the same time as the share of Americans participating in traditional forms of charitable giving appear to be declining. However, researchers do not yet have a full understanding of how the two trends are related. Crowdfunding for philanthropic endeavors has become a part of American charitable giving through individual event-based donation campaigns (e.g., birthday celebrations), disaster response efforts, and #GivingTuesday. Additionally, impact investing has gained attention in the philanthropic space. This paper dives deeper into the contrast between the declining donor base and increasing number of new charitable giving vehicles by examining crowdfunding and impact investing.

Finally, philanthropy is witnessing a shift in the concept of “community” and what this term means in the 21st century. Social scientists posit that notions of community that rely solely on geography may be outdated. Today's donors are increasingly interested in social change not only at local levels but across regional and national geographical boundaries. Immigrants and second-generation households may support causes in their communities of origin as well as their current communities. Younger donors may seek more engagement with the causes and issues they support compared to their older counterparts, regardless of geographic location. Online platforms allow donors to establish connections with geographically dispersed networks. Moreover, the pace of technological progress means “virtual communities” can be built on shared identities, values, and purposes with limited face-to-face interactions. This paper also explores how changes in community characteristics influence the manifestations of generosity. By studying changes in individual characteristics and changes in community characteristics, researchers can separately identify which individual and community characteristics are linked to charitable giving, and the decline in participation in charitable giving in particular.

Future research should expand upon these analyses by using quantitative and qualitative methods to examine the possible causes of the decline in the share of Americans who donate to charity. In particular, future research could focus on developing an in-depth understanding of one or more potential causes (e.g., declines in trust, change in the definition of community).

This report is the first in a series of reports on “The Giving Environment.” The series will dive deeper into these issues by presenting results from focus groups, experiments, and survey research.



Implications

The economic shocks from the global COVID-19 pandemic have disrupted normal giving patterns in ways we do not yet fully understand. In order to fully understand the impact of the pandemic and other changes in 2020, we need to better understand the landscape of charitable giving in the years immediately prior to the pandemic and the impact those years had on philanthropy. While the country experienced record high unemployment in 2020 [5], the American stock market experienced record highs in annual gains [40]. Some households were well-positioned to give generously (and did so), while other households faced unemployment, health crises or other challenges. These households were not positioned to give financially at the same level as previous years or not at all. In the years that will follow, engaging with donors past and present, with an intent of retention, will be critical for nonprofit organizations [41]. Steward prior generosity and offer opportunities to give in new ways when the timing is appropriate. Looking beyond the traditional financial contribution, the gift of time, talent, and testimony can play an equally powerful role for nonprofit organizations.

Trust in philanthropic organizations has been declining, particularly for those age 30 years or younger. In 2002, nearly 25 percent in this age group reported trusting nonprofit institutions while only 19 percent reported trust in 2014, according to GSS data. This new cohort has been subjected to the lasting effects of the Great Recession, and they have come of age in a world that is more connected and accountable [42].

Demographic factors also matter when exploring the decline in giving rates. With the rapid growth of diverse populations across the U.S. and as this Millennial cohort continues to age, nonprofit organizations need to take advantage of emerging giving vehicles, such as impact investment, cause marketing, and crowdfunding [42]. These methods have captivated younger and more diverse audiences, who may not necessarily trust or respond to traditional solicitation methods from institutions.

Economic volatility, demographic changes, and innovation in technology will continue to shape a new horizon for the philanthropic sector. The decline in the share of Americans giving to charity that has occurred concurrently with these changes illuminates an opportunity to transform our approaches for both reaching and inspiring donors.

PPS data explain that over a third of the decline in giving from 2000 to 2016 can be attributed to a drop in income, wealth, and home values. At the same time, societal issues, such as inequality of income and rates of social mobility, have impacted households, particularly in communities of color [42].

Nonprofit institutions can learn from new approaches that have been shown to resonate with donors – fundraising strategies that leverage peer networks and connect funding to real needs in communities. Understanding the motivations of diverse donors and their relationships with the causes that matter to them can improve the success of donor outreach. Linking a donor's gift to a specific need and improving the organization's ability to communicate and report impact can build trust with donors.

Experimentation with new models in building connection and engagement among donors is also critical. Social networks, like giving circles or virtual communities, nurture trust and engagement, and overall, democratize the philanthropic process. Look for opportunities to build community in virtual or physical spaces. Entrust staff to lead these efforts who are reflective of the communities they are cultivating.

America's rapidly changing social and economic landscape provides both an opportunity and a challenge for the philanthropic sector to evolve beyond traditional fundraising methods. To circumvent the declining giving rate and to inspire the next generation, nonprofits will need to adapt new practices for tomorrow's donors.



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LILLY FAMILY SCHOOL OF PHILANTHROPY

Indiana University Lilly Family School of Philanthropy
University Hall
301 University Blvd.
Indianapolis, IN 46202
317.278.8908

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