

The 2002 Generosity Index: Comparing Charitable Giving in Canada and the US

by *Sylvia LeRoy, Niels Veldhuis & Jason Clemens*

A common perception, widely held by many Canadians, is that Canada is a kinder, gentler society than is the United States. In debates over social policy, for instance, the size and scope of Canada's welfare state is often used as an indicator of our more compassionate and generous nature (see Walker and Emes, 1996). This view is so entrenched that any talk of privatizing certain health, welfare, or educational services is routinely denounced as un-Canadian. Underlying this denuncia-

Jason Clemens (jasonc@fraserinstitute.ca) is the Director of Fiscal Studies at The Fraser Institute. He has an MBA from the University of Windsor. Sylvia LeRoy (sylvial@fraserinstitute.ca) is a research analyst in The Fraser Institute's Alberta office, and Project Manager for the Donner Canadian Foundation Awards. Niels Veldhuis (nielsv@fraserinstitute.ca) is Senior Research Economist at The Fraser Institute. He has an M.A. in Economics from Simon Fraser University.

tion is the assumption that the market will fail to provide certain valued social and environmental goods.

These assumptions fail to recognize the crucial role that Canada's more than 178,000 non-profit organizations and registered charities play. The strength and independence of these voluntary organizations, as well as their ability to provide important social and environmental goods and services, has traditionally depended on the generosity of Canadians, both in terms of their personal voluntary efforts, and their private charitable giving.

Overview of the Private Generosity Index¹

Using readily available data on formal, individual, financial charitable giving, the Generosity Index attempts to measure the generosity that underlies a critical source of resources for private charities. Two indicators are used to

Table 1: Canadian Results & Rankings

Province	Percent of returns with charitable donations (%)	Rank for percent of returns with charitable donations	Percent of income donated (%)	Rank for percent of income donated	Average charitable donation (dollars)	Rank for average charitable donation
British Columbia	24.0	7	0.73	4	1,194	1
Alberta	25.1	5	0.72	5	1,188	2
Saskatchewan	27.5	3	0.77	3	960	5
Manitoba	29.0	1	0.83	1	1,029	4
Ontario	28.2	2	0.78	2	1,186	3
Quebec	22.7	9	0.31	10	463	10
New Brunswick	23.5	8	0.64	7	883	6
Nova Scotia	24.3	6	0.57	8	809	7
Prince Edward Island	27.0	4	0.68	6	782	8
Newfoundland & Labrador	21.2	10	0.50	9	700	9

Sources: Canada Customs and Revenue Agency; Statistics Canada; calculations by the authors.

construct the index. The first uses the percentage of tax-filers who donate to registered charities in order to measure the extent or breadth of monetary generosity. The second uses the percentage of aggregate personal income donated to registered charities to measure the depth of charitable giving. In addition, the study also measures the average value of charitable donations in each of 61 jurisdictions considered.²

Generosity in Canada

Table 1 shows the results and rankings for Canadian provinces for all three measures of generosity for the 2000 tax year, the most recent year for which data is available.³

Table 2: Change in Canadian Generosity by Province, 1995 to 2000

	Percent of returns with charitable donations (%)			Percent of income donated (%)		
	1995	2000	% change	1995	2000	% change
British Columbia	23.8	24.0	0.7	0.56	0.73	30.9
Alberta	26.8	25.1	(6.6)	0.62	0.72	16.6
Saskatchewan	29.1	27.5	(5.2)	0.75	0.77	3.4
Manitoba	30.2	29.0	(4.2)	0.72	0.83	16.3
Ontario	28.8	28.2	(2.2)	0.59	0.78	31.6
Quebec	25.0	22.7	(9.3)	0.28	0.31	9.3
New Brunswick	24.2	23.5	(2.9)	0.60	0.64	7.3
Nova Scotia	26.0	24.3	(6.7)	0.50	0.57	14.8
Prince Edward Island	30.0	27.0	(10.2)	0.72	0.68	(5.2)
Newfoundland & Labrador	21.1	21.2	0.4	0.50	0.50	0.1

Sources: Canada Customs and Revenue Agency; Statistics Canada; calculations by the authors.

For the third consecutive year, Manitoba ranks at the top of the list, with both the highest percentage of tax-filers donating to charities (29.0%) and percentage of income donated (0.83%)

For the third consecutive year, Manitoba ranks at the top of the list, with both the highest percentage of tax-filers donating to charities (29.0%) and percentage of income donated (0.83%). The Atlantic provinces and Quebec continue to fill out the bottom of the Canadian list. Quebec ranks ninth out of 10 provinces in terms of tax-filers donating to charity (22.7 %), and last in terms of both the percentage of income donated to charity (0.31 %) and average charitable donation (\$463).

Canadian trends

Table 2 presents the change in Canadian generosity by province between 1995 and 2000. This shows that while relatively fewer Canadians are donating to charities, those that do are giving a larger percentage of their income.⁴ Specifically, the percent of income donated to charity increased by 31.6

percent in Ontario and 30.9 percent in British Columbia.

Comparing Canada and the US

A national comparison of the charitable giving in both Canada and the US illustrates broad differences in the two countries. About the same percentage of tax-filers in Canada and the United States donate to charities.⁵ In 2000, 27.8 percent of Americans who filed itemized taxes and 25.2 percent of Canadian tax-filers gave to charity.

There is, however, a substantial difference between the two countries in the percentage of income donated. In aggregate, Canadians gave 0.65 percent of their personal income to registered charities, while Americans donated 1.60 percent of their income, nearly 2½ times more than Canadians.



Sub-national comparisons

Even more telling, however, are the differences between the 61 different jurisdictions at the sub-national level. Table 3 replicates the information from table 1 for all US states and Canadian provinces and revises the rankings.

Percentage of tax-filers giving to charities

In Maryland, 42.1 percent of itemized tax-filers donate to charities, making it the top-ranking jurisdiction according to this first measure of generosity. This is a full 13.1 percentage points ahead of Canada's top-ranking province, Mani-

*In Maryland,
42.1 percent
of itemized
tax-filers donate
to charities ...*

toba, which came twenty-fifth overall. The majority of Canadian provinces (including Alberta, Nova Scotia, British Columbia, New Brunswick, Newfoundland and Quebec) fall in the bottom third of the rankings for this indicator.

Percentage of income donated

Canadian provinces performed significantly worse in this measure of generosity than in the previous measure. While Manitoba is the top-ranked Canadian

Table 3: Results & Rank for Charitable Contributions, Canada & USA

State/Province	Percent of returns with charitable donations	Rank for percent of returns with charitable donations	Percent of income donated	Rank for percent of income donated	Average charitable donation (local currency (\$))	Rank for average charitable donation
Alabama	26.5	33	1.91	7	4,000	12
Alaska	20.7	51	1.20	46	3,303	30
Arizona	32.4	15	1.61	22	3,036	39
Arkansas	20.3	52	1.64	21	4,285	8
California	33.2	12	1.79	10	3,992	13
Colorado	33.6	10	1.68	16	3,393	27
Connecticut	37.7	3	1.67	17	3,740	17
Delaware	32.9	14	1.61	23	3,213	32
District of Columbia	34.6	8	2.63	2	6,016	2
Florida	23.6	47	1.60	24	4,109	9
Georgia	32.0	17	2.02	5	4,016	11
Hawaii	30.3	20	1.30	41	2,574	48
Idaho	29.6	22	1.94	6	3,674	19
Illinois	30.0	21	1.47	32	3,394	26
Indiana	25.2	42	1.42	33	3,301	31
Iowa	26.3	35	1.29	42	2,831	43
Kansas	26.0	36	1.55	27	3,613	22
Kentucky	25.8	37	1.39	35	3,016	41
Louisiana	17.4	57	1.24	44	3,954	14
Maine	26.3	34	1.23	45	2,531	50
Maryland	42.1	1	2.10	4	3,501	24
Massachusetts	35.3	6	1.64	20	3,617	21
Michigan	31.9	18	1.53	29	3,053	38
Minnesota	36.4	4	1.68	15	3,070	37
Mississippi	18.8	55	1.66	19	4,496	7
Missouri	25.5	40	1.47	31	3,462	25
Montana	25.5	39	1.36	38	2,608	47
Nebraska	25.5	38	1.76	13	4,059	10
Nevada	29.5	23	1.57	26	3,346	29
New Hampshire	29.2	24	1.19	47	2,700	46
New Jersey	39.1	2	1.55	28	3,093	36
New Mexico	20.2	53	1.02	49	2,768	45

Table 3: Results & Rank for Charitable Contributions, Canada & USA

State/Province	Percent of returns with charitable donations	Rank for percent of returns with charitable donations	Percent of income donated	Rank for percent of income donated	Average charitable donation (local currency (\$))	Rank for average charitable donation
New York	35.0	7	1.77	11	3,924	16
North Carolina	30.7	19	1.87	9	3,656	20
North Dakota	16.1	58	0.96	50	3,172	33
Ohio	27.5	31	1.34	39	2,789	44
Oklahoma	25.3	41	1.76	12	3,943	15
Oregon	33.6	11	1.67	18	3,027	40
Pennsylvania	27.6	29	1.37	37	3,115	35
Rhode Island	32.9	13	1.26	43	2,373	51
South Carolina	27.7	28	1.91	8	3,729	18
South Dakota	13.7	61	1.19	48	4,779	6
Tennessee	19.0	54	1.58	25	4,863	5
Texas	17.9	56	1.37	36	4,971	4
Utah	36.1	5	3.79	1	5,862	3
Vermont	25.2	43	1.31	40	2,902	42
Virginia	34.1	9	1.72	14	3,359	28
Washington	28.6	26	1.50	30	3,543	23
West Virginia	14.0	60	0.83	52	3,133	34
Wisconsin	32.3	16	1.41	34	2,565	49
Wyoming	15.7	59	2.44	3	9,084	1
Alberta	25.1	44	0.72	56	1,188	53
British Columbia	24.0	46	0.73	55	1,194	52
Manitoba	29.0	25	0.83	51	1,029	55
New Brunswick	23.5	48	0.64	58	883	57
Newfoundland & Labrador	21.2	50	0.50	60	700	60
Nova Scotia	24.3	45	0.57	59	809	58
Ontario	28.2	27	0.78	53	1,186	54
Prince Edward Island	27.0	32	0.68	57	782	59
Quebec	22.7	49	0.31	61	463	61
Saskatchewan	27.5	30	0.77	54	960	56

Sources: IRS; CCRA; Statistics Canada; Bureau of Economic Analysis; calculations by the authors.

province according to this indicator, Manitoban tax-filers donated only 0.83 percent of their aggregate income to charity—the same percentage of income donated by West Virginia, the worst-ranked US state. Tax-filers in Utah gave the largest percentage of their income to charity (3.79 %), significantly more than even the second ranked District of Columbia, whose tax-filers donated 2.63 percent of their income to charity.

Average donation (local currency)

The average value of charitable donations (in local currency) has also been calculated, although this indicator is not included in the Generosity Index calculation. Here Canada makes its poorest showing. All 10 Canadian provinces trail American states by a striking margin. In Wyoming, the topped-ranked jurisdiction according to this indicator, of those who donate, the average gift to charity is \$9,084. This amounts to \$7,890 (almost 8 times) more than Canada’s top ranked province of British Columbia—even before currency differences are calculated. The value of the average donation (\$2,373) in the lowest-ranked state of Rhode Island is still nearly double British Columbia’s average donation of \$1,194. Overall, the average American charitable donation (\$3,658) is almost 4 times more than the average Canadian donation (\$919), before taking currency differences into account.

The 2002 Generosity Index

Table 4 shows the overall results of the 2002 Generosity Index. This table presents provincial and state Generosity Index scores including the percentage of tax-filers who donated to charity, the



percentage of income they donated to those charities, and their overall index score.

As it did in 2001, Utah tops the rankings with a score this year of 8.9 out of a possible 10.0 (a slight drop from last year's score of 9.0). Maryland ranks second with a score of 7.6. Manitoba, Canada's most generous province, ranks forty-first out of 61 jurisdictions with a score of 3.4. This marks a significant drop relative to last year, when the province ranked 33 overall, with a score of 3.9. Manitoba's score has dropped by almost a third since 2000, when the province ranked thirty-second overall with a score of 4.9. Quebec, for the fifth consecutive year, holds the dubious distinction of ranking last among Canadian provinces (fifty-eighth overall).

Conclusion

This study, like previous editions of the Generosity Index, attempts to provide empirical data on monetary generosity, rather than answers to specific questions about the constraints and motivations behind individual charitable giving. That said, the Western provinces and Ontario have tended to rank significantly higher than the Atlantic provinces and Quebec. Most obvious, however, is the consistently low ranking of Canadian provinces relative to American states. In the 2002 index for instance, all 10 Canadian provinces were mired in the bottom third of the rankings.

These findings present a strong argument for further research to investigate the impact of public policy on the private resources voluntarily donated to the charitable sector.

Table 4: Generosity Index Scores For Canada and the USA

Overall Rank (out of 61)	State/Province	Index: Percent of returns with charitable donations	Index: Percent of income donated	Overall Index Score
1	Utah	7.9	10.0	8.9
2	Maryland	10.0	5.1	7.6
3	District of Columbia	7.4	6.7	7.0
4	New Jersey	8.9	3.6	6.3
5	Connecticut	8.4	3.9	6.2
6	Minnesota	8.0	3.9	6.0
7	New York	7.5	4.2	5.8
8	Massachusetts	7.6	3.8	5.7
9	Georgia	6.5	4.9	5.7
10	Virginia	7.2	4.0	5.6
11	California	6.9	4.3	5.6
12	Colorado	7.0	3.9	5.5
13	Oregon	7.0	3.9	5.4
14	Delaware	6.7	3.7	5.2
15	North Carolina	6.0	4.5	5.2
16	Arizona	6.6	3.8	5.2
17	Idaho	5.6	4.7	5.1
18	Michigan	6.4	3.5	5.0
19	Wisconsin	6.6	3.2	4.9
20	South Carolina	4.9	4.6	4.8
21	Rhode Island	6.7	2.7	4.7
22	Nevada	5.6	3.6	4.6
23	Alabama	4.5	4.6	4.6
24	Illinois	5.7	3.3	4.5
25	Hawaii	5.8	2.9	4.3
26	Washington	5.2	3.4	4.3
27	Nebraska	4.2	4.2	4.2
28	Oklahoma	4.1	4.2	4.1
29	New Hampshire	5.5	2.5	4.0
30	Pennsylvania	4.9	3.0	4.0
31	Kansas	4.3	3.6	4.0



Generosity Comparison

Table 4: Generosity Index Scores For Canada and the USA

Overall Rank (out of 61)	State/Province	Index: Percent of returns with charitable donations	Index: Percent of income donated	Overall Index Score
32	Ohio	4.9	3.0	3.9
33	Missouri	4.2	3.3	3.7
34	Kentucky	4.3	3.1	3.7
35	Indiana	4.1	3.2	3.6
36	Iowa	4.4	2.8	3.6
37	Florida	3.5	3.7	3.6
38	Montana	4.2	3.0	3.6
39	Maine	4.4	2.7	3.6
40	Vermont	4.1	2.9	3.5
41	Manitoba	5.4	1.5	3.4
42	Wyoming	0.7	6.1	3.4
43	Ontario	5.1	1.4	3.2
44	Saskatchewan	4.9	1.3	3.1
45	Arkansas	2.3	3.8	3.1
46	Prince Edward Island	4.7	1.1	2.9
47	Mississippi	1.8	3.9	2.8
48	Tennessee	1.9	3.7	2.8
49	Alberta	4.0	1.2	2.6
50	Alaska	2.5	2.6	2.5
51	British Columbia	3.6	1.2	2.4
52	Texas	1.5	3.1	2.3
53	Nova Scotia	3.7	0.8	2.2
54	New Brunswick	3.4	1.0	2.2
55	New Mexico	2.3	2.1	2.2
56	Louisiana	1.3	2.7	2.0
57	Newfoundland & Labrador	2.7	0.5	1.6
58	Quebec	3.2	0.0	1.6
59	North Dakota	0.9	1.9	1.4
60	South Dakota	0.0	2.5	1.3
61	West Virginia	0.1	1.5	0.8

Sources: IRS ; CCRA; Statistics Canada; Bureau of Economic Analysis; calculations by the authors.

Notes

¹The authors would also like to acknowledge the original contribution of Johanna Francis in the first editions of the Generosity Index.

²The average donation information is provided for information purposes only and is not used in the calculation of the Generosity Index score.

³While Statistics Canada has recently released 2001 data on charitable giving in Canada, comparable 2001 data is not yet available for the US. The Yukon, Northwest Territories and Nunavut are not included in the 2002 Generosity Index due to small sample sizes and large anomalies in the data for the 2000 tax year.

⁴This concurs with Statistics Canada's findings (Statistics Canada, 2001).

⁵In making this comparison, we must recognize the differences between the Canadian and US tax systems. This measure of generosity likely underestimates US results because tax-filers in the US can file either itemized or non-itemized returns. Because only those filing an itemized return can claim charitable donations, a whole group of US tax-filers may or may not donate to registered charities but are precluded from claiming those donations.

References

- Beito, David, Peter Gordon, and Alexander Tabarrok (2002). *The Voluntary City: Choice, Community, and Civil Society*. Michigan: The Independent Institute.
- Statistics Canada (2001). *Caring Canadians, Involved Canadians: Highlights from the 2000 National Survey of Giving, Volunteering and Participating*. Catalogue no. 71-542-XPE. Ottawa: Minister of Industry (August).

Walker, Michael and Joel Emes (1996). "Are Canadians Less Compassionate Than Americans?" *Fraser Forum* (April). 