How generous are Canadians?

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Interest in the charitable sector and its good works increases each year as the holiday season approaches. This sector depends on many acts of generosity by ordinary citizens who donate privately to charities. The Fraser Institute's annual Generosity Index measures this private monetary generosity in Canada and the United States. As in previous years, the 2008 index shows that stark differences in charitable giving exist within Canada, and between Canada and the United States (see Gainer et al., forthcoming).

The Generosity Index measures private monetary generosity using two key indicators: the percentage of tax filers who donate to charity indicates the extent of generosity, while the percentage of aggregate personal income donated to charity indicates the depth of charitable giving.[1] The jurisdictions included in the index are the 13 Canadian provinces and territories, 50 US states, and the District of Columbia. The data used is from the 2006 tax year, the most recent year for which data is available for both Canada and the United States.

Charitable giving in Canada

Among the Canadian provinces and territories, Manitoba ranks the highest in terms of the percentage of tax filers who donate to charity (28.1%), followed by Ontario (26.7%), Prince Edward Island (26.4%), Saskatchewan (26.0%), and Alberta (25.0%). The provinces with the lowest percentage of tax filers donating to charity are Newfoundland and Labrador (21.6%) and Quebec (22.3%).

Manitoba and Ontario also lead the provinces and territories in terms of donating the highest percentage of aggregate personal income to charity. Manitoba gave 1.14% of aggregate income to charity, followed by Ontario and the Western provinces (Saskatchewan, Alberta, and British Columbia). Quebec ranks last among the provinces, donating 0.33% of aggregate income to charity.

Comparing Canada and the United States

The most pronounced differences exist, however, between Canada and the United States. In the United States, the extent of generosity is 5 percentage points higher: 29.7% of US tax filers donate to charity compared to 24.7% of Canadians.

The gap between these two countries widens significantly when depth of generosity is compared. In 2006, Americans gave 1.66% of their aggregate income to charity, resulting in a total of US$182 billion in donations. This rate of giving is more than double that of Canadians, who gave 0.76% of aggregate income (CA$8.4 billion in total) to charity in 2006.[2] If Canadians had given, in aggregate, the same percentage of their incomes to charity as Americans did, the Canadian charitable sector would have received an additional $9.8 billion in privately donated revenue.

The depth of the generosity gap varies significantly among subnational jurisdictions. Maryland had the highest percentage of tax filers donating to charity (43.5%), followed by New Jersey (39.9%)

and Connecticut (39.5%). The only Canadian province to make it into the top half of the rankings on this measure was Manitoba (27th).

Canadian provinces and territories do far worse in terms of the depth of charitable giving, falling behind almost every US state. All US states, with the exception of North Dakota, South Dakota, Alaska, and West Virginia, gave a higher percentage of aggregate income to charity than any Canadian province. In Utah, the aggregate income donated to charity was 3.84%, the highest amongst all jurisdictions. In contrast, the aggregate income donated in Manitoba, Canada's top-ranked province by this measure, was just 1.14%.

Table 1 presents the overall results of the 2008 Generosity Index. Canada's top province, Manitoba, was 37th overall, scoring 3.9 on the 2008 Generosity Index. Quebec ranked last among Canadian provinces, placing 59th overall with a score of 1.9. The three territories ranked at the bottom of the list, placing 61st (Yukon), 63rd (Northwest Territories), and 64th (Nunavut).

Meanwhile, the top-ranked jurisdiction was Utah, with an overall index score of 8.8. Maryland, with an overall score of 7.6, and the District of Columbia, scoring 6.5, ranked second and third, respectively.

Conclusion

The Generosity Index measures private monetary generosity in Canada and the United States. By measuring both the percentage of tax filers who donate to charity and the percentage of aggregate income donated to charity in each jurisdiction, the Generosity Index recognizes the significance of every charitable donation. Most notably, the index shows that private monetary generosity in Canada is considerably lower than in the United States. This generosity gap limits the power and potential of charities to improve the quality of life in Canada.

Notes

1 The complete study also provides figures on the average dollar value of charitable donations in each jurisdiction (Gainer et al., forthcoming). However, this measure is not used to calculate the overall Generosity Index scores because it is a poor estimate of individual generosity since it favours relatively wealthy provinces over relatively poor provinces.

2 These numbers likely understate American charitable donations due to differences in the Canadian and US tax systems. In the US, tax filers may file either itemized or non-itemized returns, although only those filing itemized tax returns can claim charitable donations. Thus, a whole group of US tax filers may donate to registered charities but are unable to claim the donations.

Reference

Gainer, Alex, Charles Lammam, and Niels Veldhuis (forthcoming). *Generosity in Canada and the United States: The 2008 Generosity Index*. Fraser Institute. ◻

Table 1: 2008 Generosity Index results (out of 10) and rankings (out of 64)

	Indicator 1: Percentage of tax filers donating to charity			Indicator 2: Percentage of income donated to charity			Generosity Index	
	%	Score (out of 10)	Rank (out of 64)	%	Score (out of 10)	Rank (out of 64)	Score (out of 10)	Rank (out of 64)
British Columbia	23.4	3.8	47	0.84	1.7	56	2.7	53
Alberta	25.0	4.3	43	0.86	1.7	55	3.0	50
Saskatchewan	26.0	4.6	39	0.91	1.8	53	3.2	48
Manitoba	28.1	5.3	27	1.14	2.5	48	3.9	37
Ontario	26.7	4.9	34	0.92	1.9	52	3.4	45
Quebec	22.3	3.5	49	0.33	0.2	62	1.9	59
New Brunswick	22.9	3.7	48	0.76	1.4	57	2.6	56
Nova Scotia	23.9	4.0	46	0.73	1.3	59	2.7	55
Prince Edward Island	26.4	4.8	35	0.76	1.4	58	3.1	49
Newfoundland & Labrador	21.6	3.3	51	0.49	0.7	60	2.0	58
Yukon	20.7	3.0	57	0.38	0.4	61	1.7	61
Northwest Territories	17.3	2.0	60	0.29	0.1	63	1.0	63
Nunavut	10.8	0	64	0.25	0	64	0	64

Source: Gainer et al., forthcoming.