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1999 Private Charitable Generosity Index

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The Fraser Institute

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Executive Summary

The Private Charitable Generosity Index, hereafter referred to simply as the Generosity Index, attempts to quantify a rather ambiguous concept—personal generosity. The Generosity Index is based on three measures: percentage of donors to tax filers, charitable donations as a percent of private income, and per capita volunteer hours. Each measures generosity in a different way. The index itself is a compilation of these three measures of generosity.

All of the data compiled for the Generosity Index refer to registered charities. That is, the compilation of information excludes non-profit organizations that are not registered charities, and informal activities.

1999 Canada-Only Private Charitable Generosity Index

In the first component of the Generosity Index, the percent of tax filers who made charitable contributions, Manitoba achieved the top ranking while Newfoundland received the lowest ranking. In general, anywhere between one-quarter and one-third of the tax filers in each province made charitable contributions.

All of the provinces except Quebec performed relatively well in the second component, the percent of private income donated to charities. Manitoba had the highest level of charitable donations as a percent of private income at 1.28 percent. Quebec received the lowest ranking, with only 0.59 percent of private income donated to charities.

Alberta received the highest ranking for per capita volunteering with a score of 9.2, although British Columbia and Saskatchewan also scored quite highly in this category. Prince Edward Island had the lowest score of 2.8.

There is a clear regional slant to the overall index scores. The top four provinces, which also happen to be the four Western provinces, score extremely closely to one another. Similarly, scores for the Atlantic provinces are also very close.

Income levels appear as a prominent trend in the overall index scores. The so-called “have,” or wealthy, provinces (British Columbia, Alberta, and Ontario) generally fare much better than the “have-not,” or poorer, provinces.

Historical Patterns

Between 1990 and 1996, Manitoba and Prince Edward Island consistently had the largest proportion of tax filers making charitable contributions; Newfoundland consistently ranked last in this component.

A consistent and worrisome trend is evident in all ten provinces: a decreasing proportion of tax filers are donating to charities. Over the time period, every province experienced a decline in the percentage of tax filers who contributed to charities.

Manitoba and Prince Edward Island consistently received the highest rankings for the second component, the percent of private income donated to registered charities. Quebec, on the other hand, consistently ranked last.

The Western provinces and Ontario performed considerably better than the Eastern provinces and Quebec in terms of per capita volunteering for registered charities. Alberta was consistently the top province, while British Columbia, Saskatchewan, and Ontario jockeyed for the remaining top three positions. The Maritimes, particularly New Brunswick and Prince Edward

Island, performed relatively poorly with consistently low scores for this component.

The overall results varied for the provinces over the time period covered by the Generosity Index. British Columbia, Manitoba, New Brunswick, and Newfoundland experienced increases in their overall scores. Ontario, Quebec, and Prince Edward Island, on the other hand, experienced declines in their overall scores. Finally, Alberta, Saskatchewan, and Nova Scotia generally maintained consistent performance levels.

US-Canada Generosity Index

The US-Canada Generosity Index differs slightly from the Canada-only Generosity Index because reliable data on per capita volunteering on a state-by-state basis is not currently available. The US-Canada Private Charitable Generosity Index is, therefore, a compilation of two components: the proportion of tax filers who donate to registered charities, and the percentage of private income donated to registered charities.

For the first component, the proportion of tax filers who donate to registered charities, the performance of the Canadian provinces relative to the US states is mixed. Only Manitoba (ranked 8th) managed to reach the top quintile of performance in the proportion of donors to tax filers. Four Canadian provinces, Prince Edward Island (14th), Saskatchewan (16th), Ontario (17th), and Alberta (24th) are included in the second quintile. Newfoundland is the lowest ranked province at 40th. None of the Canadian provinces ranked in the lowest quintile.

Canadian provinces rank poorly in the second component, the percent of private income donated to registered charities. The highest-ranking Canadian province, Manitoba, ranks 48th, and is the only province not ranked in the bottom quintile.

The top three jurisdictions, Utah, the District of Columbia, and Maryland, respectively, actually donate double the percentage of private income to charity that Canada's highest ranking province, Manitoba, does. Equally unimpressive for the Canadian provinces is that four of the bottom five jurisdictions are Canadian, with Quebec ranking last.

The overall performance of the Canadian provinces relative to the US states is also relatively poor. Manitoba, Canada's highest-ranking province, fails to break into the top quintile; it is relegated to 20th position, placing it in the second quintile, tied with Rhode Island and South Carolina. Meanwhile, three Canadian provinces rank in each of the third, fourth and fifth quintiles. Prince Edward Island (27th), Saskatchewan (29th) and Ontario (31st) all rank in the third quintile. Alberta, New Brunswick, and Nova Scotia, which all tie for 40th position, rank in the fourth quintile. Finally, British Columbia (49th), Newfoundland (51st), and Quebec (52nd) all rank in the bottom or last quintile.

Average Dollar Value of Charitable Donations

There is an important aspect of generosity which is intentionally overlooked by the Generosity Index but which is pivotally important to the charitable sector: the dollar value of donations.

The value of donations is excluded from the Generosity Index because it is a poor estimate of individual generosity since it favours relatively wealthy provinces over relatively poor provinces. Put another way, it considers equal-sized donations made by low-income individuals to be equivalent to those made by high-income individuals.

In the Canadian context, Alberta and British Columbia out-perform the other provinces in the

dollar value of the average charitable donation. Quebec ranks lowest in this regard.

But the results are more startling when the US states are included. Without exception, the ten Canadian provinces rank dead last in terms of the dollar value of donations.¹ The average US donation in Canadian dollars is \$3,302, more than 4 times the average Canadian donation of \$743. More striking is the fact that the 12 wealthiest US states average more than 6 times the average Canadian province donation, and more than 4.5 times that of Alberta, Canada's top ranking province.

Conclusions

In both the all-Canadian generosity index and the US-Canada comparison, one fact seems to hold

constant: those who have more, give more. The so-called "have" provinces are relatively more generous in the all-Canadian index than the "have-not" provinces. Similarly, when compared to the US states, even our wealthiest Canadian provinces do not have the same high level of giving seen in the US. Although more research is needed, it seems relatively obvious and intuitively logical that to be able to give more you have to have more.

The 1999 Private Charitable Generosity Index represents an important step forward in quantifying individual generosity. It will further the discussion about the charitable sector, its capacity, role, and limitations. However, the process of development and refinement will continue.

¹ Average donations are calculated by dividing total charitable donations by the number of donors.

Introduction

There is a fundamental debate under way in many western nations over the role of government. This debate underlies a variety of discussions, from what constitutes a civil society, to the appropriateness of tax policy, to whether the program obligations of government are being achieved. All of these discussions are essentially about what government does, what it should do, and how best it can fulfil its mandate.

The Private Charitable Generosity Index, hereafter referred to simply as the Generosity Index, can help inform part of this debate. It attempts to quantify an inherently ambiguous concept, personal generosity. In addressing this complex personal issue, the Generosity Index attempts not only to quantify the level of individual generosity across jurisdictions, but also to determine explanatory factors that motivate charitable giving.

Generosity has a long history. It is the basic value upon which the tradition of helping others rests. Its importance cannot be over emphasized, for it is individual generosity that provides services from soup kitchens to little league teams. Not only does the donation of money and time to charitable organizations allow them to continue operating, these donations also reinforce the fundamental connection between individuals and their community.

Generosity has two inherent properties: it is both a trait that encourages voluntary aid and a means for self-improvement. If it were not for the generosity of individuals, some goods and services would not be available, either because they are not part of the government's purview, or because they are not sufficiently profitable on their own to warrant provision by business. In this respect, generosity is distinct from duty. If my aid is obligatory, such as, for example, to my own family, it is not a question of generosity that I provide for them; rather, it is my duty to do so. True gen-

erosity refers to giving what is not due, whether it be time, money, or some other valuable commodity.

Second, by donating time or money, individuals develop an important affiliation with their community and an opportunity to improve their own skills and advance their own character growth. Historical thinkers such as Aristotle and de Toqueville, as well as modern day scholars such as Himmelfarb, Olasky, and Machan have articulated this critical role of volunteerism, or generosity, in creating community.

The voluntary sector holds a distinct position between the public and private sectors. From this vantage point, it mirrors the preferences of individuals who donate their time and money. The voluntary sector provides the Canadian economy with a diversity of institutions not geared toward profit-making or government functions, but which provide a richness to Canadian society in the form of welfare-based organizations, sports clubs, arts societies, health agencies, and others.

Organization of this report

This report aims to provide basic information about charitable donations and volunteerism to the public. It is, therefore, largely a data-driven report. The study's first section briefly discusses of the index, its calculation, and the methodology by which it was calculate. The second section contains the 1999 Private Charitable Generosity Index for the Canadian provinces. The third section expands the 1999 Generosity Index for the provinces to include historical data. Section Four presents the first US-Canada Private Charitable Generosity Index. Section Five contains information on the dollar value of donations for both the provinces and the US states, and the final section contains a brief conclusion and recommendations for further research.

Section One: Methodology for the Private Charitable Generosity Index

Measures of Generosity: The Index Components

The Private Charitable Generosity Index is based on three measures: percentage of donors to tax filers, charitable donations as a percent of private income, and per capita volunteer hours. Each measures generosity in a different way. The index itself is a compilation of these three measures of generosity.

The components of the index are three among many possibilities. They were chosen for several reasons: first, there was readily available data; second, they each capture a different picture of how people donate time or money; and finally, they highlight differences in giving between different jurisdictions.

It is important to recognize that all of the data compiled for the Generosity Index refers to registered charities.² That is, the compilation of information excludes non-profit organizations that are not registered charities,³ and informal activities. This is largely due to the absence of any reliable data source for information on either the non-profit sector or informal activities.

The first component of the index, the percentage of donors to tax filers, measures the number of individuals who donate to charity compared to the

number of tax filers in each jurisdiction. This measure is an indication of the relative number of people who donate to charity in each jurisdiction. It conveys only the prevalence of charitable donors, not the amount each donates.

The second component, charitable donations as a percent of private income, measures the relative value of donations. Donations as a percent of private income is used rather than other types of measures (such as the average dollar value or median donation) in order to control for differences in income levels. Since it does control for income levels, this indicator provides a measure by which donations made by low-income families may be legitimately compared with donations made by high-income families. This type of measure, therefore, allows for the comparison of relatively wealthy jurisdictions with relatively poor ones.

Private income is an attempt to measure the purchasing power remaining in the hands of private citizens after government has taxed them. It is the net market value of goods and services attributable to labour and property supplied by a jurisdiction's residents, minus the revenue of all levels of government in that jurisdiction.

Per capita volunteer hours, the third component, was calculated by dividing the total number of

2 For further information on the charitable sector in Canada, see Jason Clemens and Johanna Francis, "A Provincial Analysis of the Charitable Sector," *Fraser Forum*, October 1998; Clemens and Francis, "Public and Private Charities: Ontario as a Case Study," *Fraser Forum*, June 1999 (both available on the internet at www.fraserinstitute.ca); and D. Sharpe, *A Portrait of Canada's Charities*, Canadian Centre for Philanthropy, Toronto, Ontario, 1994 (available on the internet at www.ccp.ca).

3 All registered charities are also non-profit organizations. Receiving charitable status allows agencies to issue tax-deductible receipts to donors and receive funding from registered foundations. It also places organizations under the purview of Revenue Canada. On the other hand, not all non-profit organizations are registered charities. Registered charities are, therefore, a subset of the larger non-profit sector. Non-profit organizations that do not receive charitable status are precluded from issuing tax receipts and receiving monies from foundations, but neither are they under the regulatory control of Revenue Canada.

volunteer hours donated to registered charities in each jurisdiction by the number of people over 15 years of age. This is a conservative estimate of volunteering since it does not include informal volunteering, or volunteering for non-profit organizations.⁴ That is, it only includes formal volunteering donated to registered charities. Other types of volunteering are excluded partly due to data limitations. Volunteering for registered charities is the only consistently collected and readily available source of volunteering data in Canada.

US-Canada Generosity Index

Unfortunately, the US-Canada comparison excludes volunteer hours due to the lack of a reliable data source for US volunteering. There are, therefore, differences in the rankings among the Canadian provinces between the Canadian-only rankings, which include volunteer hours, and the US-Canada rankings, which exclude volunteer hours.

We hope that within the next few years a useable source of per capita volunteering will emerge in the United States. The Independent Sector, a leading US philanthropy and charity research organization, is currently developing a system to collect information on volunteering on a state-by-state basis.

The US-Canada Private Charitable Generosity Index thus consists of only two components: the ratio of donors to tax filers, and charitable donations as a percent of private income. To-

gether, these component variables form a composite index that provides an alternative measure of private generosity in each jurisdiction. It also provides a simple and comprehensible method by which to compare people's generosity across jurisdictions.

Generosity Index Calculation

To calculate the index, the components were rated on a 0-to-10 basis. Higher scores indicate greater generosity in the particular component measured. The formula used to derive the 0-to-10 ratings is

$$(V_i / V_{max}) \text{ multiplied by } 10$$

where V_i is the jurisdiction's actual value for that particular component, and V_{max} is the maximum value for all jurisdictions during the measurement period.

The Canada-only index is based on the actual values for the Canadian provinces from 1996. The Canada/US index considers both the Canadian provinces and the American states but does so only for 1996. For this reason, and because of the inclusion of an addition variable in the Canadian index, the two indices are not directly comparable. The Canada-only provincial rankings are different in the two indices. For readers interested mainly in the provinces, the Canada-only index is more accurate.

4 For further information on charitable volunteering, see Jason Clemens and Johanna Francis, "Estimating the Value of Volunteering," *Fraser Forum*, June 1998; and Clemens and Francis, "The Value of Volunteering: A Provincial Profile," *Fraser Forum*, September 1998. (Both available on the internet at www.fraserinstitute.ca).

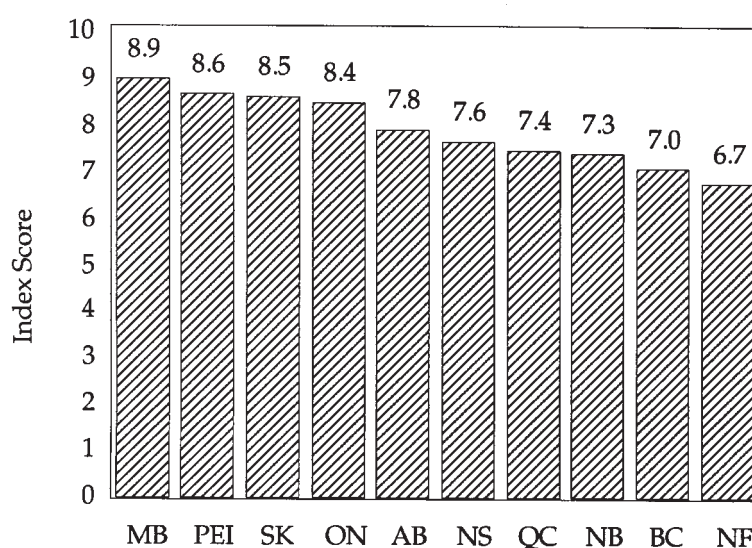
Section Two: 1999 Private Generosity Index

The following section contains the rankings, index scores, and underlying data for the three components of the Private Charitable Generosity Index for the Canadian provinces for 1996.

Donors to Tax Filers

This component measures the prevalence of charitable donations within a particular region by comparing the percent of tax filers who have made charitable contributions. Table 1 contains the data, scores, and ranking for the Canadian provinces. Figure 1 illustrates the index scores for this measure of individual generosity.

Figure 1: Donors to Tax Filers



Source: Revenue Canada, *Tax Statistics on Individuals*, 1997.

Table 1: Donors to Tax Filers

Rank	Province	Donors as a Percent of Tax-filers	Index Score
1	MB	31.6%	8.9
2	PEI	30.3%	8.6
3	SK	29.9%	8.5
4	ON	29.8%	8.4
5	AB	27.6%	7.8
6	NS	26.8%	7.6
7	QC	26.3%	7.4
8	NB	25.8%	7.3
9	BC	24.5%	7.0
10	NF	23.6%	6.7

Source: Revenue Canada, *Tax Statistics on Individuals*, 1997.

Both the underlying data and the index scores show little variation among the provinces in terms of the proportion of tax filers who made charitable contributions. Manitoba achieved the top ranking, while Newfoundland received the lowest ranking by 8.0 percentage points. In general, anywhere between one-quarter and one-third of the tax filers in each province made charitable contributions.

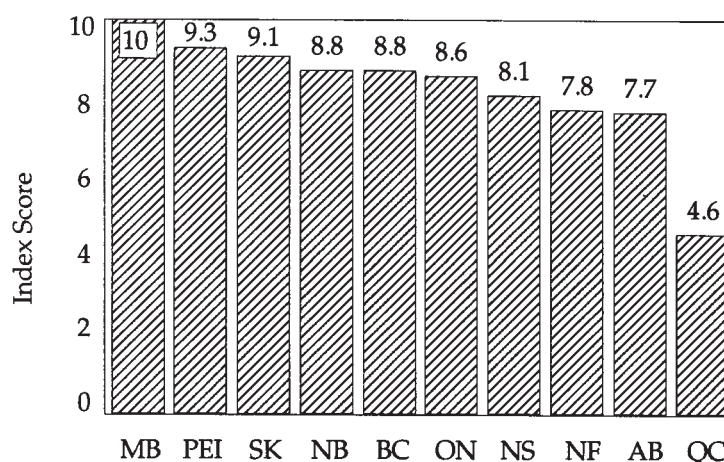
Charitable Donations as a Percent of Private Income

The second component of the Generosity Index measures the value of donations. Rather than using the dollar value of the donation, the Generosity Index measures the value of charitable donations as a percent of private income. As mentioned above, charitable donations as a percent of private income controls for the level of income, and thus allows for comparisons between rela-

tively wealthy jurisdictions and less wealthy ones.

Donations are calculated as a percent of private income as opposed to gross income, since individuals and families can only donate the money to which they have access. Private income is an indication of the money left in private citizens' hands after government has extracted tax revenue. Table 2 contains the data and index scores for charitable donations as a percent of private income. Figure 2 graphically depicts the index scores for this variable.

Figure 2: Donations as a Percent of Private Income



Source: Revenue Canada, *Tax Statistics on Individuals*, 1997.

There is slightly more variation in the performance of the provinces in the second component of

Table 2: Charitable Donations as a Percent of Private Income

Rank	Province	Donations as a Percent of Private Income	Index Score
1	MB	1.28%	10.0
2	PEI	1.20%	9.3
3	SK	1.17%	9.1
4	BC	1.13%	8.8
4	NB	1.13%	8.8
6	ON	1.10%	8.6
7	NS	1.04%	8.1
8	NF	1.01%	7.8
9	AB	0.99%	7.7
10	QC	0.59%	4.6

Source: Revenue Canada, *Tax Statistics on Individuals*, 1997.

individual generosity than in the first. All of the provinces except for Quebec perform relatively well. Manitoba had the highest level of charitable donations as a percent of private income at 1.28 percent. Alberta ranks ninth with 0.99 percent of private income donated to registered charities, a difference of 0.29 percentage points. Quebec receives the lowest ranking, with only 0.59 percent of private income donated to charities.

The top three ranked provinces for the second component are the same three provinces that received the top rankings for the first component of the Generosity Index. That is, Manitoba (1st), Prince Edward Island (2nd), and Saskatchewan (3rd) were ranked in the same positions for both components of the Generosity Index.

Per Capita Charitable Volunteer Hours

The third component of the Generosity Index captures a different aspect of generosity than the first two. Per capita volunteering measures the level of non-monetary generosity, while the first two components measure monetary generosity.

Per capita volunteer hours gauges the amount of volunteer time donated to registered charities in each province on a per person basis.⁵ The measure only captures formal volunteering for registered charities and therefore excludes informal volunteering and volunteering for non-profit organizations that are not registered charities. Table 3 and Figure 3 present the per capita volunteer hours recorded by registered charities in each of the provinces.

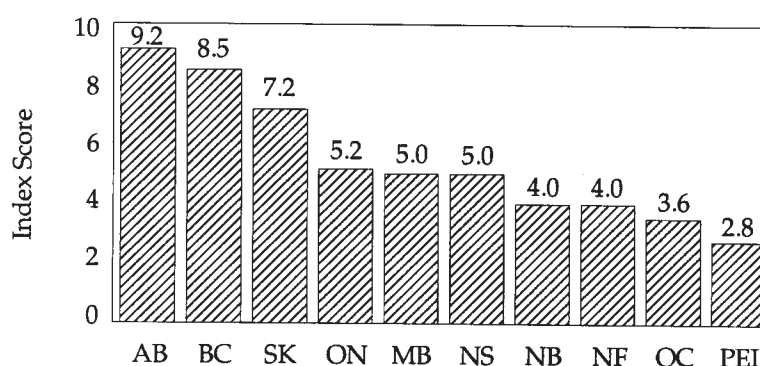
Two patterns emerge from the results contained in table 3. The first is that there appears to be a regional slant to the per capita volunteering results. Four of the three Western provinces are ranked in the top three positions, while Manitoba tied Nova Scotia for fifth position. Meanwhile, the Maritime provinces generally ranked in the bottom half.

The second pattern relates to income. The so-called “have,” or wealthy provinces, namely British Columbia, Alberta, and Ontario, dominate the top rankings for per capita volunteering while the “have-not,” or poor provinces, are generally at the bottom of the rankings.

1999 Private Charitable Generosity Index Scores

The overall Generosity Index is calculated by combining the three components in equal proportion. In other words, the overall Generosity Index is the average score of the components. Table 4 lists the provinces in the order of their performance on the index scores, and figure 4 shows the index scores for each of the provinces.

Figure 3: Per Capita* Charitable Volunteer Hours**



* Calculated for individuals above the age of 15.

** Hours donated to registered charities; excludes non-profit organizations and informal volunteering.

Sources: Revenue Canada, *Tax Statistics on Individuals*, 1997, and Revenue Canada Charities Database, 1995.

Table 3: Per Capita Charitable Volunteer Hours

Rank	Province	Per Capita* Volunteer Hours**	Index Score
1	AB	12.1	9.2
2	BC	11.1	8.5
3	SK	9.4	7.2
4	ON	6.9	5.2
5	NS	6.6	5.0
5	MB	6.6	5.0
7	NB	5.3	4.0
7	NF	5.3	4.0
9	QC	4.8	3.6
10	PEI	3.7	2.8

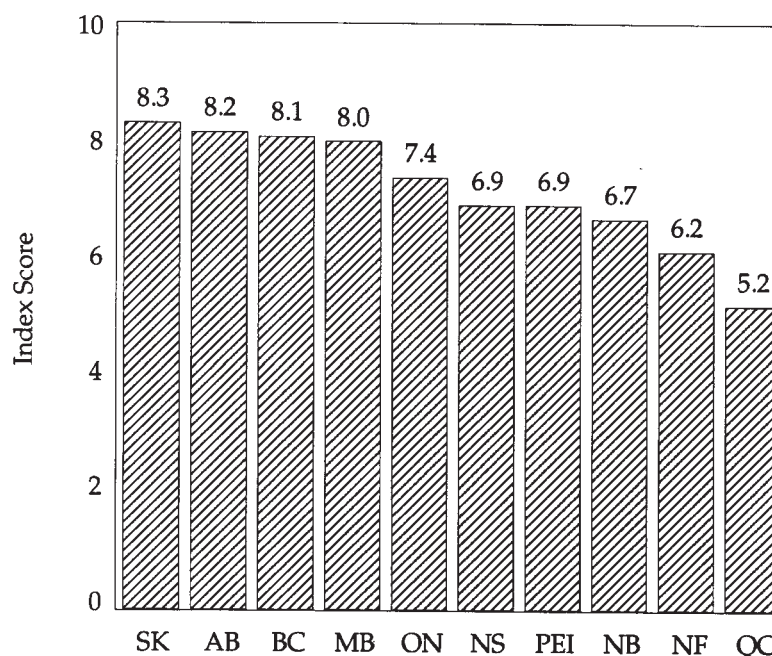
⁵ Only individuals over the age of 15 years are included to conform with Statistics Canada guidelines employed in its periodic survey of volunteerism.

A number of interesting patterns emerge from the table 4 index scores. Like the per capita volunteering results, there is a definite regional slant to the scores. First, the scores of the top four provinces, which also happen to be the four Western provinces, are extremely close to one another. A marginal improvement or decline in any one of the province's respective scores could dramatically alter the top rankings. Similarly, the Atlantic provinces score very close to one another.

Income levels also re-appear as a prominent trend in the overall index scores. The so-called "have," or wealthy, provinces (British Columbia, Alberta, and Ontario) generally seem to be more generous than the "have-not," or poorer provinces.

Interestingly, Manitoba ranked fourth overall, but scored first in two of the three components. Manitoba did not rank first overall because of its rather weak performance (score of 5.0) in per capita volunteer hours. Saskatchewan ranked first overall chiefly because of its stable ranking. In fact, its stable ranking gave Saskatchewan first place when it actually ranked third in all three components.

Figure 4: 1999 Private Charitable Generosity Index



Sources: Revenue Canada, *Tax Statistics on Individuals*, 1997, and Revenue Canada Charities Database, 1995.

Table 4: 1999 Private Charitable Generosity Index

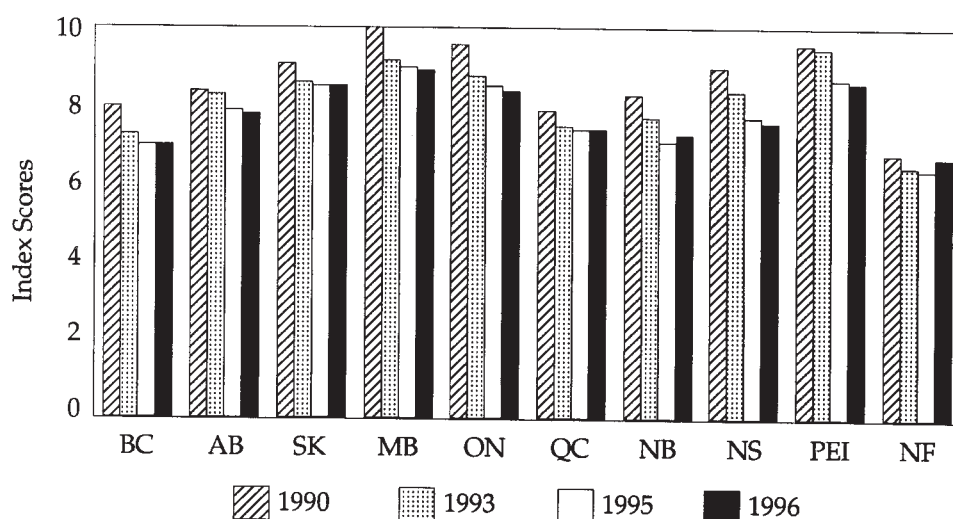
Rank	Province	Score
1	SK	8.3
2	AB	8.2
3	BC	8.1
4	MB	8.0
5	ON	7.4
6	NS	6.9
6	PEI	6.9
8	NB	6.7
9	NF	6.2
10	QC	5.2

Source: Revenue Canada, *Tax Statistics on Individuals*, 1997; and Revenue Canada Charities Database, 1995.

Section Three: Historical Canadian Data

This section expands the 1996 data contained in Section Two to include data for 1990, 1993, and 1995. Although the data is limited to four years spanning a six-year period, we can nevertheless begin to discern some patterns. The data is presented along the same lines as in Section Two.

Figure 5: Historical Donors to Tax Filers



Source: Revenue Canada, *Tax Statistics on Individuals*, 1997.

Table 5: Historical Donors to Tax Filers

Prov- ince	1990			1993			1995			1996		
	Rank	Per- cent	Score	Rank	Per- cent	Score	Rank	Per- cent	Score	Rank	Per- cent	Score
BC	8	28.0%	8.0	9	25.8%	7.0	9	24.6%	7.0	9	24.5%	7.0
AB	6	29.5%	8.4	6	29.2%	7.8	5	27.6%	7.8	5	27.6%	7.8
SK	4	31.9%	9.1	4	30.4%	8.5	3	29.9%	8.5	3	29.9%	8.5
MB	1	35.3%	10.0	2	32.6%	8.9	1	31.6%	8.9	1	31.6%	8.9
ON	3	33.8%	9.6	3	31.2%	8.4	4	29.8%	8.4	4	29.8%	8.4
QC	9	27.8%	7.9	8	26.5%	7.4	7	26.3%	7.4	7	26.3%	7.4
NB	7	29.2%	8.3	7	27.1%	7.3	8	25.8%	7.3	8	25.8%	7.3
NS	5	31.8%	9.0	5	29.8%	7.6	6	26.8%	7.6	6	26.8%	7.6
PEI	2	34.0%	9.6	1	33.4%	8.6	2	30.3%	8.6	2	30.3%	8.6
NF	10	24.1%	6.8	10	22.8%	6.7	10	23.6%	6.7	10	23.6%	6.7

Sources: Revenue Canada, *Tax Statistics on Individuals*, 1992–1997.

Table 6: Historical Donations as a Percent of Private Income

Prov- ince	1990			1993			1995			1996		
	Rank	Per- cent	Score	Rank	Per- cent	Score	Rank	Per- cent	Score	Rank	Per- cent	Score
BC	7	0.92%	7.1	8	0.94%	7.3	7	0.93%	7.2	4	1.13%	8.8
AB	9	0.84%	6.5	9	0.92%	7.2	9	0.88%	6.9	9	0.99%	7.7
SK	4	1.12%	8.8	3	1.26%	9.8	2	1.21%	9.4	3	1.17%	9.1
MB	2	1.16%	9.0	1	1.27%	9.9	3	1.18%	9.2	1	1.28%	10.0
ON	5	0.99%	7.7	6	1.03%	8.0	5	0.97%	7.6	6	1.10%	8.6
QC	10	0.49%	3.8	10	0.55%	4.3	10	0.51%	4.0	10	0.59%	4.6
NB	3	1.14%	8.9	4	1.11%	8.6	4	0.98%	7.6	5	1.13%	8.8
NS	6	0.98%	7.7	7	0.97%	7.6	8	0.91%	7.1	7	1.04%	8.1
PEI	1	1.20%	9.3	2	1.26%	9.8	1	1.27%	9.9	2	1.20%	9.3
NF	8	0.85%	6.6	5	1.03%	8.0	6	0.96%	7.5	8	1.01%	7.8

Sources: Revenue Canada, *Tax Statistics on Individuals*, 1992–1997.

Donors to Tax Filers

The data contained in table 5 and presented in figure 5 illustrate the fact that Manitoba and Prince Edward Island have consistently had the largest proportion of tax filers making charitable contributions. Alternatively, Newfoundland consistently ranked last in this component.

A consistent and worrisome trend is evident in all ten provinces: a decreasing proportion of tax filers are donating to charities. Over the time period, every province experienced a decline in the percentage of tax filers who contributed to charities. Nova Scotia experienced the most pronounced decline—from 31.9 percent to 26.8 percent—a decline of 5.1 percentage points. Newfoundland experienced the smallest decline, a mere 0.5 percentage points, although Newfoundland's contribution level was always relatively modest. A host of provinces, including Ontario, Manitoba, British Columbia, and New Brunswick, recorded declines of roughly 4 percentage

points. Although the data covers only a six-year period, the trend of declining charitable contributions is nonetheless cause for concern.

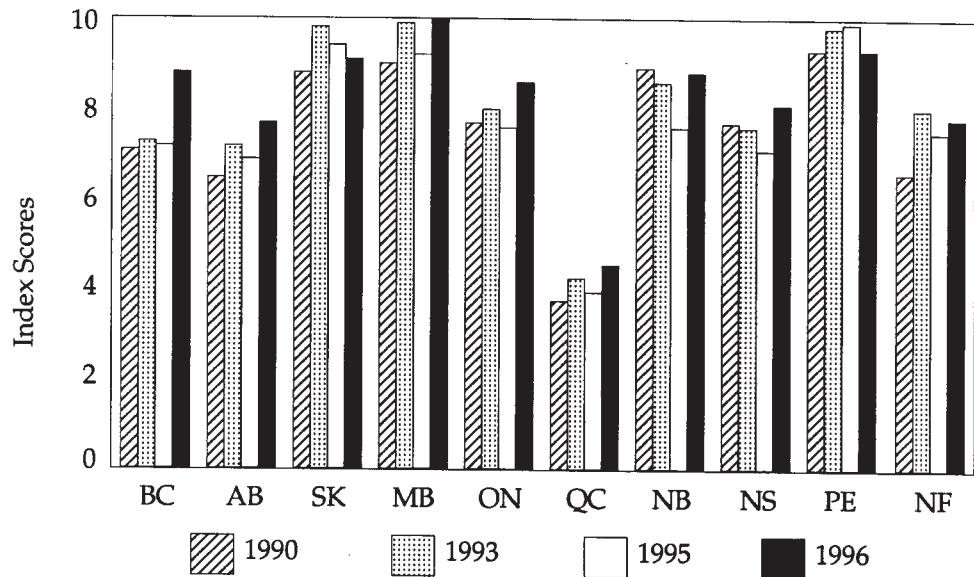
Donations as a Percent of Private Income

Like the previous variable, the data contained in table 6 and graphically presented in figure 6 for charitable donations as a percent of private income illustrate that Manitoba and Prince Edward Island have again consistently received the highest rankings. Similarly, Quebec consistently ranked last in terms of the size of charitable donations relative to private income.

Several of the provinces, specifically British Columbia, Alberta, Manitoba, Ontario, and Quebec tended to show an increase in the amount of private income donated to registered charities. The remaining provinces generally lacked any clear trend in this regard.

There is, therefore, a rather curious pattern that emerges from the first two variables. In general, the number of tax filers contributing to charitable organizations is declining, while the value of the donations is increasing relative to private income. This apparently contradictory trend is an area that requires further analysis to determine its underlying cause.

Figure 6: Historical Donations as a Percent of Private Income

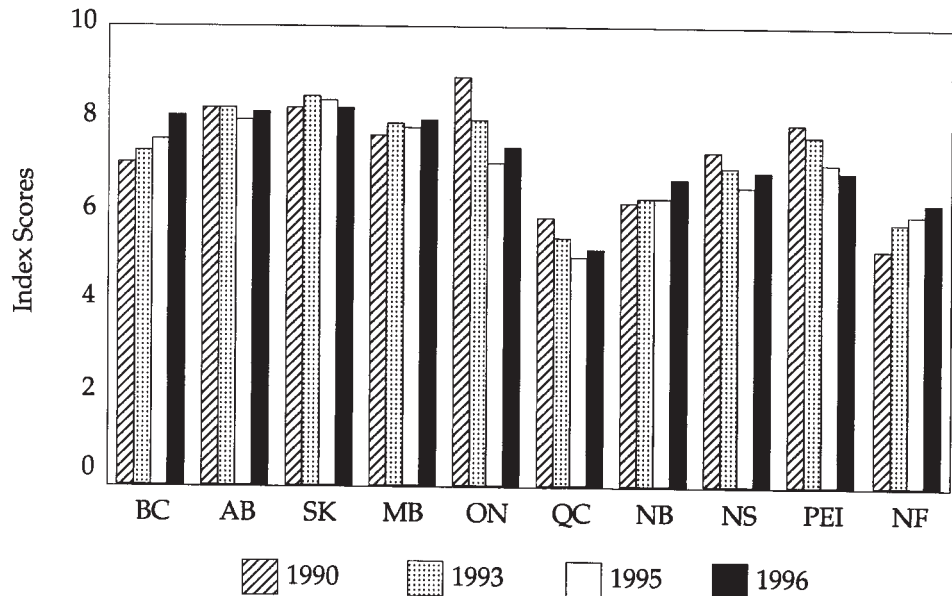


Source: Revenue Canada, *Tax Statistics on Individuals*, 1997.

Per Capita Volunteer Hours

Due to a lack of data on volunteer hours, we have only presented information for the years 1990 and 1995. Additional sources of Canadian volunteer information are available, but incorporate different definitions of what constitutes volunteerism and, therefore, make comparison difficult.⁶ The

Figure 7: Historical Private Charitable Generosity Index



Source: Revenue Canada, *Tax Statistics on Individuals*, 1997.

⁶ For instance, Statistics Canada's 1997 report, *Caring Canadians, Involved Canadians* loosely defined volunteerism as including both formal activities for charity and non-profit organizations as well as informal activities. Similarly, Andre Pircard's report on charities in Canada, *A Call to Alms*, incorporated a broad definition of what constitutes volunteerism.

Table 7: Historical Per Capita Volunteer Hours

Province	1990			1995		
	Rank	Number of Hours	Score	Rank	Number of Hours	Score
BC	4	8.1	6.2	2	11.1	8.5
AB	1	13.1	10.0	1	12.1	9.2
SK	3	9.2	7.1	3	9.4	7.2
MB	8	5.4	4.1	6	6.6	5.0
ON	2	12.2	9.3	4	6.9	5.2
QC	5	7.7	5.8	9	4.8	3.6
NB	10	2.0	1.5	8	5.3	4.0
NS	6	6.9	5.2	5	6.6	5.0
PEI	7	6.3	4.8	10	3.7	2.8
NF	9	2.6	2.0	7	5.3	4.0

Source: Revenue Canada Charities Database, 1995.

Table 8: Historical Private Generosity Index Scores

Province	1990		1993		1995		1996	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score
BC	7	7.1	6	7.3	4	7.6	3	8.1
AB	2	8.3	2	8.3	2	8.0	2	8.2
SK	2	8.3	1	8.5	1	8.4	1	8.3
MB	5	7.7	4	7.9	3	7.8	4	8.0
ON	1	8.9	3	8.0	5	7.1	5	7.4
QC	9	5.9	10	5.5	10	5.5	10	5.2
NB	8	6.2	8	6.3	8	6.3	8	6.7
NS	6	7.3	7	7.0	7	6.6	6	6.9
PEI	4	7.9	5	7.7	5	7.1	6	6.9
NF	10	5.2	9	5.8	9	6.0	9	6.2

Generosity Index will continue to analyze the national charities database provided by Revenue Canada in order to incorporate a consistent source of volunteer data in the future.

The Western provinces and Ontario performed considerably better than the Eastern provinces and Quebec in terms of per capita volunteering for registered charities. Alberta was consistently the top province, while British Columbia, Saskatchewan, and Ontario jockeyed for the remaining top three positions. The Maritimes, particularly New Brunswick and Prince Edward Island, performed relatively poorly with consistently low scores for per capita volunteering.

The only clear pattern emanating from the data is that most provinces generally exhibited very little change in their scores for per capita volunteering.

It is worth noting that Quebec, alone, suffered a major decline in its performance, moving from a score of 5.8 to 3.6 between 1990 and 1995.

Historical Private Generosity Index Scores

Overall results varied for the provinces over the time period covered by the Generosity Index. British Columbia, Manitoba, New Brunswick, and Newfoundland experienced material increases in their overall scores. Ontario, Quebec, and Prince Edward Island, on the other hand, experienced declines in their overall scores. Finally, Alberta, Saskatchewan, and Nova Scotia generally maintained a consistent level of performance.

Section Four: US-Canada Private Charitable Generosity Index

This section expands the Canadian portion of the Generosity Index to include the 50 US states and the District of Columbia. Unfortunately, as discussed in the first section, reliable data on per capita volunteering on a state-by-state basis is not currently available. The US-Canada Private Charitable Generosity Index is, therefore, a compilation of two components: proportion of tax-filers that donate to registered charities and the percentage of private income donated to registered charities.

The US-Canada Generosity Index is less comprehensive than the Canadian version since it only includes monetary contributions to charities. We hope that a reliable source of state-by-state volunteering data will emerge within the next few years to enable the US-Canada Private Charitable Generosity Index to become more comprehensive.

Donors to Tax Filers

The performance of the Canadian provinces relative to the US states is mixed. Only Manitoba (ranked 8th) manages to reach the top quintile of performance in the proportion of donors to tax-filers. Four Canadian provinces, Prince Edward Island (14th), Saskatchewan (16th), Ontario (17th), and Alberta (24th) are included in the second quintile. The lowest ranked province is Newfoundland at 40th. None of the Canadian provinces were ranked in the lowest quintile.

The average score for Canadian provinces in this component was actually higher than the average for US states: 7.0 versus 6.3, respectively. The Canadian provinces, therefore, perform relatively well in comparison to the US states in terms of the extent of individual generosity, as measured by the ratio of donors to tax filers.

Table 9: US-Canada Donors to Tax Filers (1996)

State/Province	Rank	Donors as a Percent of Tax Filers	Index Score	State/Province	Rank	Donors as a Percent of Tax Filers	Index Score
Maryland	1	39.2%	10.0	Rhode Island	10	30.9%	7.9
New Jersey	2	36.5%	9.3	California	11	30.7%	7.8
Connecticut	3	35.5%	9.1	Colorado	12	30.5%	7.8
New York	4	34.1%	8.7	District of Columbia	12	30.5%	7.8
Minnesota	5	33.8%	8.6	Prince Edward Island	14	30.3%	7.7
Massachusetts	6	32.9%	8.4	Virginia	15	30.1%	7.7
Utah	7	32.2%	8.2	Saskatchewan	16	29.9%	7.6
Manitoba	8	31.6%	8.0	Ontario	17	29.8%	7.6
Delaware	9	31.5%	8.0				

Table 9 continued

Table 9 continued								
State/Province	Rank	Donors as a Percent of Tax Filers	Index Score		State/Province	Rank	Donors as a Percent of Tax Filers	Index Score
Oregon	18	29.7%	7.6		Iowa	42	23.0%	5.9
Wisconsin	19	29.2%	7.4		Kentucky	43	22.8%	5.8
Hawaii	20	29.1%	7.4		Montana	44	22.7%	5.8
Michigan	21	28.2%	7.2		Oklahoma	45	22.5%	5.7
Arizona	22	27.9%	7.1		Nebraska	46	22.3%	5.7
New Hampshire	23	27.8%	7.1		Alabama	47	22.1%	5.6
Alberta	24	27.6%	7.0		Missouri	47	22.1%	5.6
Georgia	24	27.6%	7.0		Indiana	49	21.4%	5.4
Illinois	26	26.9%	6.9		Florida	50	20.8%	5.3
Nova Scotia	27	26.8%	6.8		New Mexico	51	18.6%	4.7
Quebec	28	26.3%	6.7		Arkansas	52	17.2%	4.4
Washington	29	26.2%	6.7		Alaska	52	17.2%	4.4
New Brunswick	30	25.8%	6.6		Tennessee	54	15.8%	4.0
North Carolina	31	25.6%	6.5		Texas	55	15.7%	4.0
Pennsylvania	32	25.4%	6.5		Mississippi	56	15.5%	4.0
Idaho	33	25.2%	6.4		Louisiana	57	14.6%	3.7
Nevada	33	25.2%	6.4		North Dakota	58	14.3%	3.6
British Columbia	35	24.5%	6.3		Wyoming	59	13.8%	3.5
Ohio	36	24.4%	6.2		West Virginia	60	11.9%	3.0
Vermont	36	24.4%	6.2		South Dakota	61	11.7%	3.0
South Carolina	38	23.8%	6.1		Sources: Revenue Canada, <i>Tax Statistics on Individuals</i> , 1997; Urban Institute analysis of data from the <i>Statistics of Income Bulletin</i> , Internal Revenue Service. Note: Data excludes the basic standard deduction for non-itemized tax returns in the United States. Data focuses, exclusively, on itemized returns that include charitable donations.			
Maine	38	23.8%	6.1					
Newfoundland	40	23.6%	6.0					
Kansas	41	23.5%	6.0					

Charitable Donations as a Percent of Private Income

Unlike the results for the first component, the Canadian provinces rank poorly in the percentage of private income donated to charities. The highest-ranking Canadian province, Manitoba, ranks 48th, and is the only province not ranked in the bottom quintile.

The top three jurisdictions, Utah, the District of Columbia, and Maryland, respectively, actually donate double the percentage of private income to charity relative to Canada's highest ranking province, Manitoba. Equally unimpressive for the Canadian provinces is that four of the bottom five jurisdictions are Canadian, with Quebec ranking last.

US-Canada Private Charitable Generosity Index

The performance of the Canadian provinces relative to the US states is relatively poor. Manitoba, Canada's highest-ranking province, fails to break the top quintile and is relegated to 20th position, tied with Rhode Island and South Carolina.

Three Canadian provinces rank in each of the third, fourth and fifth quintiles. Prince Edward Island (27th), Saskatchewan (29th) and Ontario (31st) all rank in the third quintile. Alberta, New Brunswick, and Nova Scotia, which all tie for 40th position, all rank in the fourth quintile. Finally, British Columbia (49th), Newfoundland (51st), and Quebec (52nd) all rank in the bottom or last quintile.

Table 10: US-Canada Charitable Donations as a Percent of Private Income (1996)

State/ Province	Rank	Donations as a Percent of Private Income	Index Score	State/ Province	Rank	Donations as a Percent of Private Income	Index Score
Utah	1	4.81%	10.0	Minnesota	11	2.12%	4.4
District of Columbia	2	2.62%	5.4	Oklahoma	12	2.07%	4.3
Maryland	3	2.56%	5.3	Delaware	13	2.05%	4.3
Wyoming	4	2.50%	5.2	Nevada	14	1.99%	4.1
Idaho	5	2.32%	4.8	Oregon	15	1.96%	4.1
South Carolina	6	2.29%	4.8	California	16	1.94%	4.0
Georgia	6	2.29%	4.7	Virginia	17	1.93%	4.0
New York	8	2.25%	4.7	Arkansas	18	1.92%	4.0
Alabama	9	2.24%	4.6	Colorado	19	1.91%	4.0
North Carolina	10	2.21%	4.6	Florida	20	1.88%	3.9
				Kansas	21	1.87%	3.9
				Tennessee	21	1.87%	3.9

Table 10 continued

State/ Province	Rank	Donations as a Percent of Private Income	Index Score	State/ Province	Rank	Donations as a Percent of Private Income	Index Score
Michi- gan	21	1.87%	3.9	Rhode Island	43	1.45%	3.0
Arizona	24	1.86%	3.9	Louisiana	45	1.40%	2.9
New Jersey	25	1.83%	3.8	Maine	46	1.36%	2.8
Connecti- cut	26	1.82%	3.8	Vermont	47	1.34%	2.8
Missis- sippi	27	1.80%	3.7	Manitoba	48	1.28%	2.7
Washing- ton	27	1.80%	3.7	New Hamp- shire	49	1.27%	2.6
Wisconsin	27	1.80%	3.7	North Dakota	50	1.23%	2.5
Nebraska	30	1.78%	3.7	Prince Edward Island	51	1.20%	2.5
Illinois	31	1.77%	3.7	Saskatche- wan	52	1.17%	2.4
Kentucky	32	1.69%	3.5	British Columbia	53	1.13%	2.4
Indiana	33	1.68%	3.5	New Brunswick	53	1.13%	2.3
Missouri	34	1.64%	3.4	South Dakota	53	1.13%	2.3
Pennsylva- nia	35	1.62%	3.4	Ontario	56	1.10%	2.3
Massachu- setts	36	1.61%	3.4	Nova Scotia	57	1.04%	2.2
Ohio	37	1.60%	3.3	New- foundland	58	1.01%	2.1
Iowa	37	1.60%	3.3	Alberta	59	0.99%	2.1
Texas	39	1.57%	3.3	West Virginia	60	0.96%	2.0
Montana	40	1.54%	3.2	Quebec	61	0.59%	1.2
Alaska	41	1.46%	3.0				
Hawaii	41	1.46%	3.0				
New Mexico	43	1.45%	3.0				

Table 11: US-Canada Private Charitable Generosity Index (1996)

State/Province	Rank	Overall Index Score	State/Province	Rank	Overall Index Score
Utah	1	9.1	Ontario	31	4.9
Maryland	2	7.7	Kansas	31	4.9
New York	3	6.7	New Hampshire	31	4.9
District of Columbia	4	6.6	Pennsylvania	31	4.9
New Jersey	4	6.6	Ohio	35	4.8
Minnesota	6	6.5	Kentucky	36	4.7
Connecticut	7	6.4	Nebraska	36	4.7
Delaware	8	6.1	Florida	38	4.6
California	9	5.9	Iowa	38	4.6
Colorado	9	5.9	Alberta	40	4.5
Georgia	9	5.9	New Brunswick	40	4.5
Massachusetts	9	5.9	Nova Scotia	40	4.5
Oregon	13	5.8	Indiana	40	4.5
Virginia	13	5.8	Missouri	40	4.5
Idaho	15	5.6	Montana	40	4.5
North Carolina	15	5.6	Vermont	40	4.5
Wisconsin	15	5.6	Maine	47	4.4
Arizona	18	5.5	Wyoming	47	4.4
Michigan	18	5.5	British Columbia	49	4.3
Manitoba	20	5.4	Arkansas	50	4.2
Rhode Island	20	5.4	Newfoundland	51	4.1
South Carolina	20	5.4	Quebec	52	4
Illinois	23	5.3	Tennessee	52	4
Nevada	23	5.3	Mississippi	54	3.9
Hawaii	25	5.2	New Mexico	54	3.9
Washington	25	5.2	Alaska	56	3.7
Prince Edward Island	27	5.1	Texas	57	3.6
Alabama	27	5.1	Louisiana	58	3.3
Saskatchewan	29	5.0	North Dakota	59	3.1
Oklahoma	29	5.0	South Dakota	60	2.7
			West Virginia	61	2.5

Section Five: Dollar Value of Donations

There is an important aspect of generosity which is intentionally overlooked by the Generosity Index, but which is pivotally important to the charitable sector: the dollar value of donations.

The value of donations is excluded from the Generosity Index because it is a poor estimate of individual generosity since it favours relatively wealthy provinces over relatively poor provinces. Put another way, it considers equal-sized donations made by low-income individuals to be equivalent to those made by high-income individuals. For example, a \$500 donation from an individual earning \$20,000 per year is considered equivalent to a donation of \$500 from an individual earning \$50,000 a year, but in terms of individual generosity, the first donor is more generous.

The value of the donations made to charities is what ultimately allows charitable organizations to provide needed goods and services. Table 12 and figure 8 present the dollar values of the average charitable donation made in each province.

Alberta and British Columbia clearly out-perform the other provinces in terms of the value of the average charitable donation. However, Alberta and British Columbia rank 9th and 5th, respectively, in the proportion of private income donated to registered charities (see table 2).

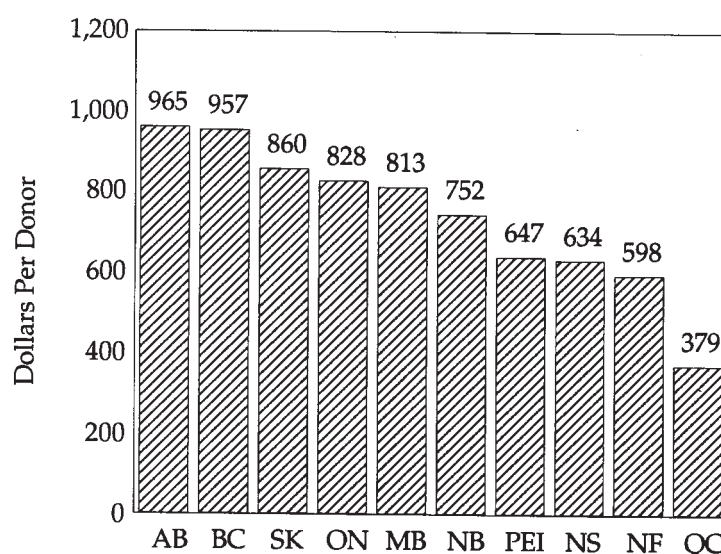
As is evident from table 12, there is a strong relationship between the level of

Table 12: Value of Average* Charitable Donations

Rank	Province	Average Charitable Donations	Average Private Income
1	AB	\$965	\$17,489
2	BC	\$957	\$13,767
3	SK	\$860	\$14,031
4	ON	\$828	\$14,876
5	MB	\$813	\$13,202
6	NB	\$752	\$11,576
7	PEI	\$647	\$11,050
8	NS	\$634	\$10,724
9	NF	\$598	\$8,992
10	QC	\$379	\$11,488

*Average donations are calculated by dividing total charitable donations by the number of donors.
Source: Revenue Canada, *Tax Statistics on Individuals*, 1997.

Figure 8: Dollar Value of Average Donations



Source: Revenue Canada, *Tax Statistics on Individuals*, 1997.

private income and the value of charitable donations.⁷ Thus, wealthier provinces rank higher simply because they are wealthier. The notion of giving more, at least nominally, if one has more, is clearly reinforced by the data that table 12 provides.

The results are even more startling when the US states are included. Table 13 presents the Canadian dollar value of the average donation made in each jurisdiction as well as the average private income for each jurisdiction.

Canada's poor performance visually leaps out from the table. Without exception, the ten Canadian provinces rank dead last in terms of the value of donations. The average US donation in Canadian dollars is \$3,302, more than 4 times the

average Canadian donation of \$743. More striking is the fact that the average donation from the 12 wealthiest US states is more than 6 times that of the average Canadian province, and more than 4.5 times that of Alberta, Canada's wealthiest province.

The poor performance of the Canadian provinces in the dollar value of average donations is mirrored by the level of private income. Similar to the previous indicator, 9 of 10 Canadian provinces rank dead last in terms of the value of their average private income. Alberta, Canada's highest-ranking province on this particular measure, only manages a 38th position. It is reasonable to assume that Americans are able to donate more because, on average, they have more income than Canadians.

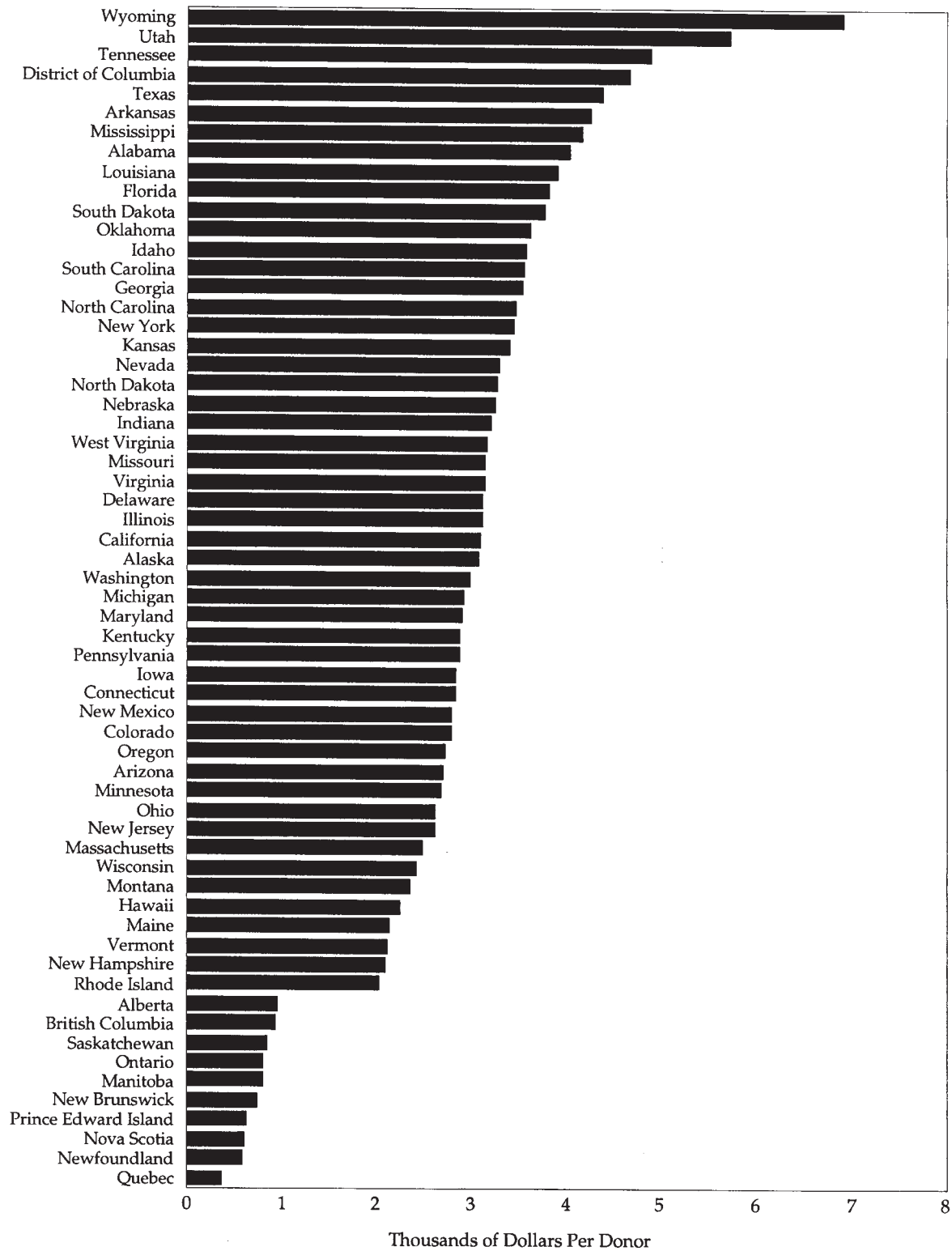
Table 13: Value of Average* Charitable Donations

State/Province	Rank	Charitable Donations*	Private Income*	State/Province	Rank	Charitable Donations*	Private Income*
Wyoming	1	6,927	17,707	Alabama	8	4,073	17,403
Utah	2	5,764	16,338	Louisiana	9	3,941	16,953
Tennessee	3	4,910	18,901	Florida	10	3,848	19,894
District of Columbia	4	4,705	27,482	South Dakota	11	3,794	17,928
Texas	5	4,408	18,944	Oklahoma	12	3,651	16,758
Arkansas	6	4,284	16,317	Idaho	13	3,599	16,696
Mississippi	7	4,205	14,957	South Carolina	14	3,586	16,953
				Georgia	15	3,567	19,325

7 For further information on the relationship between income and donations, see Jason Clemens and Johanna Francis, "Charitable Donations and Tax Incentives," *Fraser Forum*, June 1999 (available on the internet at www.fraserinstitute.ca); A. Reynolds, *Death, Taxes and the Independent Sector*, The Hudson Institute, 1997 (available on the internet at www.hudson.org); M. Tanner, *Civil Society to the Rescue*, Cato Institute, June 1997 (available on the internet at www.cato.org); and S. Moore, *Less Than Charitable*, Cato Institute, June, 1997 (also available on the internet at www.cato.org).

Table 13 continued

State/Province	Rank	Charitable Donations* *	Private Income*	State/Province	Rank	Charitable Donations* *	Private Income*
North Carolina	16	3,503	18,831	New Jersey	43	2,641	25,191
New York	17	3,482	23,300	Massachusetts	44	2,520	24,431
Kansas	18	3,420	19,204	Wisconsin	45	2,448	18,734
Nevada	19	3,312	20,976	Montana	46	2,389	16,058
North Dakota	20	3,298	17,456	Hawaii	47	2,265	20,929
Nebraska	21	3,272	19,234	Maine	48	2,168	17,320
Indiana	22	3,227	18,885	Vermont	49	2,139	18,374
West Virginia	23	3,196	15,753	New Hampshire	50	2,113	22,723
Missouri	24	3,165	19,234	Rhode Island	51	2,047	20,123
Virginia	25	3,162	21,262	Alberta	52	965	17,489
Delaware	26	3,148	23,301	British Columbia	53	957	13,767
Illinois	27	3,135	22,084	Saskatchewan	54	860	14,031
California	28	3,123	20,927	Ontario	55	828	14,876
Alaska	29	3,110	21,059	Manitoba	56	813	13,202
Washington	30	3,004	20,139	New Brunswick	57	752	11,576
Michigan	31	2,956	20,322	Prince Edward Island	58	647	11,050
Maryland	32	2,919	22,840	Nova Scotia	59	634	10,724
Kentucky	33	2,904	16,523	Newfoundland	60	598	8,992
Pennsylvania	34	2,898	20,748	Quebec	61	379	11,488
Iowa	35	2,861	18,683				
Connecticut	36	2,855	26,832				
New Mexico	37	2,815	15,709				
Colorado	38	2,806	21,600				
Oregon	39	2,761	19,219				
Arizona	40	2,723	17,622				
Minnesota	41	2,715	20,325				
Ohio	42	2,649	19,365				

Figure 9: Dollar Value of Average Donations

Sources: Tax Statistics on Individuals, Revenue Canada, 1997; Urban Institute analysis of data from the Statistics of Income Bulletin, Internal Revenue Service.

Section Six: Conclusion

The 1999 Private Charitable Generosity Index represents an important step forward in quantifying private, individual generosity. It will further the dialogue about the charitable sector, its capacity, role, and limitations. However, the process of development and refinement will continue as more data is added to the index calculation and additional historical data is included. The next step is to investigate more rigorously the

relationship between generosity, as measured by the Private Charitable Generosity Index, and possible explanatory variables, such as tax rates, income levels, economic freedom, and demographics.

We invite and encourage comments and suggestions from interested parties on how we can best improve the Private Charitable Generosity Index.

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