

Counterpoint

The Philanthropist welcomes and, if appropriate, will publish responses to any of its articles or features.

A Response to "How and What Canadians Contribute to Charity"

(Reference: *The Philanthropist*, Vol. IV, No. 1, 1984, p.3)

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The information and conclusions offered by the author of this study, J.F. Deeg, seem to me to be open to possible misinterpretation by those of us who work in charitable institutions.

To approach the study in a way that would be more informative I have made two assumptions:

- 1) upper income earners would usually be taxpayers 35 years and older; and
- 2) because of the differential between male and female incomes, the sexes should be considered separately.

In Table I, found on page 11 of the article and reproduced on p. 44, the information provided shows that between the years 1974 and 1980, the disposable income per person had increased by 68 per cent in actual dollars but was, for all practical purposes, the same in constant 1971 dollars, i.e., \$5,586 as against \$5,576.

Referring to Table VI A, on page 24 (reproduced on p. 45) for the year 1974 and to Table VI E, on page 26 (reproduced on p. 45) for the year 1980, we can make the interesting comparisons shown overleaf.

Contrary to the author's contention, I believe the information that can be extrapolated from these sets of figures indicates some interesting *positive* trends in the development of the donor population. Between 1974 and 1980 the number of persons of both sexes who claimed charitable donations for tax purposes increased substantially.

In fact, with a taxpaying population increase of only 12 per cent in the male category, the number of donors increased by 40 per cent.

1974 – Males

Age Group	Total Taxpayers (000s)	% Claiming	=	No. Donors	Av. Per Donor (\$)	Total Donations (\$000s)
35 – 44	1,221	12.83		156,654	470	73,628
45 – 54	1,129	17.26		194,865	483	94,120
55 – 64	796	20.51		163,260	461	75,263
65+	649	19.86		128,891	454	58,516
	T 3,795	A 16.96		T 643,670	A 468	T 301,527

1980 – Males

Age Group	Total Taxpayers (000s)	% Claiming	=	No. Donors	Av. Per Donor (\$)	Total Donations (\$000s)
35 – 44	1,402.5	16.7		234,217	647	163,249
45 – 54	1,173.0	21.6		253,368	762	193,066
55 – 64	947.2	24.3		230,170	718	165,262
65+	729.0	25.8		188,082	719	135,231
	T 4,251.7	A 21.3		T 905,837	A 725	T 656,808
In constant 1974 \$					432	390,957
% Change	+12	+25.3		+40	-7.7	+29.65

T = Total
A = Average

1974 – Females

Age Group	Total Taxpayers (000s)	% Claiming	=	No. Donors	Av. Per Donor (\$)	Total Donations (\$000s)
35 – 44	657	5.85		38,435	256	9,839
45 – 54	611	9.17		56,028	305	17,089
55 – 64	423	14.34		60,658	356	21,594
65+	530	16.41		86,973	378	32,876
	T 2,221	A 10.90		T 242,094	A 336	T 81,398

1980 – Females

Age Group	Total Taxpayers (000s)	% Claiming	=	No. Donors	Av. Per Donor (\$)	Total Donations (\$000s)
35 – 44	1,269.7	5.9		74,912	442	33,111
45 – 54	938.3	9.4		88,200	498	43,924
55 – 64	643.0	15.6		100,308	521	52,260
65+	600.8	23.7		142,389	597	85,006
	T 3,451.8	A 17.56		T 405,809	A 528	T 214,301
In constant 1974 \$					314.0	127,560
% Change	+55.4	+61.1		+67.6	-6.5	+56.7

T = Total
A = Average

The comparison percentiles in the female grouping indicated a 55.4 per cent increase in the taxpaying population, and a 67.6 per cent increase in the number of donors. Both sets of figures bode well for the future, suggesting that *recognition* of the need for philanthropic giving is growing among the more mature and generally more affluent community. It would seem likely that, at least to some degree, the increased professionalism of development officers and fund raising executives, as well as the increasing body of influential volunteers and community leaders in the philanthropic sector are responsible for this growth.

This optimism must be tempered by the statistics that show that average annual donations diminished by 6.5 per cent in the female group and 7.7 per cent for the males during this period. To gain some understanding of why this may have happened I referred to *The National Income & Expenditure Accounts (Market Research Handbook)* and found the following information:

**National Income & Expenditure Accounts
(Market Research Handbook)**

	<u>1970</u>	<u>1974</u>	<u>1980</u>
Personal Income (\$ millions)	66,633	116,867	244,342
Personal Disposable Income (after taxes) (\$ millions)	54,009	94,545	199,378
Taxes & Social Insurance (\$ millions)	12,624	22,322	44,964
Per Cent of Gross Income	18.9	19.1	18.4
Purchases of Consumer Goods & Services (\$ millions)	50,327	83,388	170,236
Per Cent of Gross Income	75.5	71.4	69.7
Savings (\$ millions)	2,872	9,406	24,088
Per Cent of Gross Income	4.3	8.0	9.9
Unaccounted for (\$ millions)	1.2	1.5	2.0

The interesting statistic in this table is in the category of Savings which shows the largest percentage increase. This may reflect the need felt by many Canadians to participate in RRSPs and other savings and insurance plans as part of their growing awareness that they must make at least some personal provision for financial security following retirement.

We found this table to be an eye opener. Our "gut feeling" had been that there had been a substantial increase in the standard and quality of living during this

period reflecting expenditures for things which had formerly been regarded as “discretionary” but which had become “necessities” for a large percentage of the middle class. Golf and social club memberships, private schools, music and dance lessons for children, and stereo and video technology *et al*, we thought represented important cultural and material changes in spending habits which would reduce substantially the discretionary income available for philanthropy. However, the information in this table refuted this prejudgement—highlighting instead the substantial increase in savings.

Michael Wilson’s budget of May 23, 1985 attempts to encourage more speculative investments on the part of Canadians but there appears to be an underlying popular perception of instability in the Canadian economy with its continuing dependence on the U.S. economy and U.S. fiscal policy. This appears to confirm that there are too many economic factors over which Canadians have little or no control. Recent increases in savings may reflect an increased sense of insecurity in the Canadian middle class.

In attempting to analyze Tables III-B and III-F on pp. 13 and 17, (reproduced on pp. 46 and 47) we found the categories used were too broad to permit evaluation of the sub-group, “Number Claiming Charitable Donations” because the appropriate total income and disposable incomes for *this* category were not shown. It would be more useful to extract only that information which applies to the number claiming charitable donations with all succeeding statistics in that table relating to this sub-group.

We believe it is important for all of us who are concerned with the social needs of the community and who do not wish to have a welfare state thrust upon us, that we recognize where we are succeeding and where we may be failing. These become the areas for further analysis and attention.

We still do not know from Deeg’s tables whether donors (individuals and corporations) are, in fact, giving less in constant dollars in any comparable year as long as we mix sub-groups with groups when we are analyzing taxation statistics.

The necessary information may not be available under the current Revenue Canada reporting system, but if it is necessary, and we believe it is, we could, through our representative lobbying groups, ask for it through the appropriate channels. We would still be preserving the confidentiality of individual tax returns but it would be most helpful to have the statistical information we need to deal with donors claiming, for example, a minimum of \$1,000 per year in charitable donations on their tax forms. If these statistics were broken down by age, sex, donation categories, income categories, and city, we could undoubtedly put this additional information to effective use.

In the meantime let us take heart from our present knowledge that in 1974 there were 885,764 donors over 35 years of age claiming charitable deductions in excess of the (then) standard \$100, and, in 1980, this number grew to 1,311,646, an overall increase of 48 per cent.

APPENDIX

Table I (Deeg)
Personal Disposable Income and Charitable Donations
Period 1946-1980

Year	Current Dollars		Constant (1971) Dollars		
	Disposable Income \$/person	Charitable Donation \$/person	Disposable Income \$/person	Charitable Donation \$/person	% of Disposable Income
1946	1,476	19.3	2,435	31.8	1.3
1951	2,354	31.0	3,578	47.1	1.3
1956	2,813	54.7	4,107	80.0	1.9
1961	3,281	52.3	4,364	70.0	1.6
1966	3,994	29.0	4,793	34.8	0.73
1970	4,715	29.2	4,856	30.1	0.62
1974	6,983	37.9	5,586	30.3	0.54
1977	9,600	52.4	5,952	32.4	0.54
1978	9,546	52.5	5,442	29.9	0.55
1979	10,455	60.2	5,468	31.5	0.58
1980	11,744	71.1	5,576	33.8	0.61

Table VI A (Deeg)**Charitable Donations by Age/Sex
1974**

Age Group		000's	%	\$/Year	Donations \$/Person		% of
		Total	Claiming	Income	Average	Per Donor	Income
20-24	M	1,616	1.50	5,142	4.0	262	0.08
	F	1,290	1.81	3,693	3.2	179	0.09
25-34	M	1,657	5.35	10,733	22.9	428	0.21
	F	1,013	3.53	5,635	7.9	223	0.14
35-44	M	1,221	12.83	13,650	60.4	470	0.44
	F	657	5.85	5,946	15.9	256	0.27
45-54	M	1,129	17.26	13,603	83.4	483	0.61
	F	611	9.17	6,077	28.0	305	0.46
55-64	M	796	20.51	11,607	94.6	461	0.82
	F	423	14.34	6,005	51.1	356	0.85
65+	M	649	19.86	6,780	90.1	454	1.33
	F	530	16.41	4,472	62.1	378	1.39
Total	M	7,073	10.71	10,147	48.9	457	0.48
	F	4,529	6.66	5,081	20.7	310	0.41
Grand Total		11,602	9.13	8,169	37.9	415	0.46

Table VI E (Deeg)**Charitable Donations by Age/Sex
1980**

Age Group		000's	%	\$/Year	Donations \$/Person		% of
		Total	Claiming	Income	Average	Per Donor	Income
20-24	M	1,096.3	3.9	11,133	17	439	0.15
	F	1,037.3	3.4	7,053	9	270	0.13
25-34	M	1,969.7	9.0	18,335	58	645	0.32
	F	1,936.7	4.0	8,225	15	386	0.19
35-44	M	1,402.5	16.7	23,690	117	697	0.49
	F	1,269.7	5.9	8,961	26	442	0.29
45-54	M	1,173.0	21.6	24,280	164	762	0.68
	F	938.3	9.4	9,785	47	498	0.48
55-64	M	947.2	24.3	21,460	175	718	0.81
	F	643.0	15.6	10,515	81	521	0.77
65+	M	729.0	25.8	14,489	186	719	1.28
	F	600.8	23.7	10,519	142	597	1.35
Total	M	7,886.0	14.4	18,240	101	697	0.55
	F	6,878.9	7.6	8,528	37	486	0.44
Grand Total		14,765	10.3	13,715	71	689	0.52

Table III B (Deeg)

Income, Taxes on Income, and Charitable Donations
of All Individual Taxpayers in Various Income Classes
1974

	UNDER \$3,000*	\$3,000 4,999	\$5,000 6,999	\$7,000 9,999	\$10,000 24,999	\$25,000 49,999	\$50,000 AND OVER	TOTAL
Number of Individual Tax Returns (thousands) (Per Cent)	2,701 (23.3)	1,762 (15.2)	1,657 (14.3)	2,000 (17.2)	3,207 (27.7)	225 (1.9)	50 (0.4)	11,602 (100.0)
Number Claiming Standard Deduction (thousands)	2,652	1,649	1,533	1,822	2,734	132	20	10,542
Number Claiming Charitable Donations (thousands)	35	91	105	157	446	92	30	956
Percentage Claiming Charitable Donations	1.3	5.2	6.3	7.8	13.9	40.8	60.9	8.3
Total Income (\$ millions) (Per Cent)	4,304 (4.5)	7,037 (7.4)	9,895 (10.4)	16,894 (17.8)	45,384 (47.9)	7,327 (7.7)	4,058 (4.3)	94,785 (100.0)
Total Tax Payable (\$ millions) (Per Cent)	13 (0.1)	249 (1.8)	806 (5.9)	1,984 (14.4)	7,586 (55.1)	1,778 (12.9)	1,353 (9.8)	13,769 (100.0)
Disposable Income (\$ millions) (Per Cent)	4,291 (5.3)	6,788 (8.4)	9,089 (11.2)	14,910 (18.4)	37,798 (46.6)	5,549 (6.8)	2,705 (3.3)	81,016 (100.0)
Charitable Donations Claimed (\$ millions) (Per Cent)	6.9 (1.6)	22.6 (5.1)	31.7 (7.2)	57.9 (13.2)	195.3 (44.5)	65.2 (14.8)	60 (13.6)	439.7 (100.0)
Tax ÷ Total Income (Per Cent)	0.30	3.54	8.14	11.74	16.72	24.3	33.34	14.52
Donations ÷ Total Income (Per Cent)	0.16	0.32	0.32	0.34	0.43	0.89	1.48	0.46
Donations ÷ Disposable Income (Per Cent)	0.16	0.33	0.35	0.39	0.52	1.17	2.22	0.54
Donations ÷ Total Tax (Per Cent)	53.0	9.1	3.9	2.9	2.6	3.7	4.4	3.2
Donations Per Taxpayer (\$)	2.5	12.8	19.1	28.8	60.9	289.8	1,200	37.9
Donations Per Donor (\$) (1)	196	248	302	370	438	710	1,970	460
Total Income Per Taxpayer (\$/yr) (2)	1,593	3,994	5,972	8,447	14,151	32,564	81,160	8,170
Donor's Donation as Per Cent of Total Income (100x(1) ÷ (2))	12.3	6.2	5.1	4.4	3.1	2.2	2.4	5.6

Source: Derived from 1974 Taxation Statistics (Revenue Canada)

* Includes tax returns with no or negative income.

Table III F (Deeg)

**Income, Taxes on Income, and Charitable Donations
of All Individual Taxpayers in Various Income Classes**

1980

	UNDER \$3,000*	\$3,000 4,999	\$5,000 6,999	\$7,000 9,999	\$10,000 24,999	\$25,000 49,999	\$50,000 AND OVER	TOTAL
Number of Individual Tax Returns (thousands) (Per Cent)	2,696 (18.3)	1,233 (8.3)	1,223 (8.3)	1,703 (11.5)	5,927 (40.1)	1,737 (11.8)	246 (1.7)	14,765 (100.0)
Number Claiming Standard Deduction (thousands)	2,682	1,197	1,166	1,503	5,128	1,299	124	13,099
Number Claiming Charitable Donations (thousands)	10	30	65	147	724	426	121	1,524
Percentage Claiming Charitable Donations	0.4	2.4	5.3	8.6	12.2	24.5	49.2	10.3
Total Income (\$ millions) (Per Cent)	2,313 (1.1)	4,950 (2.4)	7,306 (3.6)	14,453 (7.1)	97,477 (48.1)	55,730 (27.5)	20,284 (10.0)	202,513 (100.0)**
Total Tax Payable (\$ millions) (Per Cent)	0.1	4.1	123.6 (0.4)	806.0 (2.8)	12,818 (44.0)	10,319 (35.4)	5,041 (17.3)	29,112 (100.0)**
Disposable Income (\$ millions) (Per Cent)	2,313 (1.3)	4,946 (2.8)	7,183 (4.1)	13,647 (7.9)	84,659 (48.8)	45,411 (26.2)	15,243 (8.8)	173,401 (100.0)**
Charitable Donations Claimed (\$ millions) (Per Cent)	1.9 (0.2)	8.1 (0.8)	23.5 (2.2)	62.6 (6.0)	420.6 (40.0)	319.5 (30.4)	213.9 (20.4)	1,050.2 (100.0)
Tax ÷ Total Income (Per Cent)	—	0.1	1.7	5.6	13.1	18.5	24.9	14.4
Donations ÷ Total Income (Per Cent)	0.08	0.16	0.32	0.43	0.43	0.57	1.05	0.51
Donations ÷ Disposable Income (Per Cent)	0.08	0.17	0.33	0.46	0.50	0.70	1.40	0.61
Donations ÷ Total Tax (Per Cent)	—	198	19.0	7.8	3.3	3.1	4.2	3.6
Donations Per Taxpayer (\$)	0.7	6.7	19.3	36.8	71.0	183.9	869.5	71.1
Donations Per Donor (\$)	190	270	361	426	581	750	1,768	689
Total Income Per Taxpayer (\$/yr) (2)	858	4,015	5,974	8,487	16,446	32,084	82,455	13,715
Donor's Donation as Per Cent of Total Income (100x(1) ÷ (2))	22.1	6.7	6.0	5.0	3.5	2.3	2.1	5.0

Source: Derived from 1980 Taxation Statistics (Revenue Canada)

* Includes tax returns with no or negative income.

** Figures rounded to nearest decimal.