

Comparing Charitable Giving in Canada & the United States: Canada's Generosity Gap

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Every day, thousands of charities and non-profit organizations are actively engaged in providing social services, enriching our arts and cultural lives, and stewarding our local environment, to name but a few of the activities charities engage in. Despite their enormous impact on our quality of life, we all too frequently take their voluntary efforts for granted. Because these organizations depend on private donations to sustain their valued services and amenities it is important to track the private generosity that Canadians direct to these organizations.

The Fraser Institute's annual Generosity Index attempts to measure this by comparing formal monetary generosity in Canada and the US. The Generosity Index measures the propensity to give

using readily available data about the size and extent of charitable donations, as recorded on personal income tax returns.¹ For the past five years, Canadian provinces have consistently scored at the very bottom of the index.

The Generosity Index²

The Generosity Index is composed of two indicators. The percentage of tax filers who donate to registered charities measures the extent of monetary generosity. The percentage of aggregate personal income donated measures the depth of charitable giving. While not used to calculate the Generosity Index scores, the average dollar value of charitable donations in 50 US states and the District of Columbia, as well as Canada's 10 provinces and 3 territories, is also provided. The data used is from the 2001 tax year, the most recent year for which data is available.³

Generosity in Canada

Before comparing generosity in Canada and the US, it's important to note some dramatic variances in levels of charitable giving within Canada itself. The data in table 1 shows how Canada's 10 provinces and three territories compare to one another on the two measures that make up the Generosity Index. For interest, the average value of charitable donation in each province and territory is also listed.

Manitoba, Ontario, and Saskatchewan rank as leaders both on the percentage of tax filers who donate and the percentage of income donated. Over 27 percent of tax filers donated to charity in each of these provinces, with the percentage of income donated ranging from 0.7 percent in Ontario to a high of 0.8 percent in Manitoba. This is the fourth year in a row that Manitoba ranked the highest of all provinces and territories on both key indicators.

The three territories (Yukon, Northwest Territories, and Nunavut) rank at the very bottom of the list, with between 11.2 percent (in Nunavut) and 19.0 percent of tax filers (in the Yukon) donating to charity. The aggregate percentage of income donated was between 0.2 and 0.31 percent in these territories. Interestingly, though, Nunavut ranked fourth in terms of average charitable donation (\$1,138), behind only Alberta (\$1,294), Ontario (\$1,189) and BC (\$1,165).

Generosity is only marginally higher in Quebec than in the territories. Only 22.6 percent of Quebec tax filers donate to charity, giving just 0.30 percent of their aggregate income. Quebec ranked dead last in terms of the value of charitable donations, giving on average just \$473, less than half of the national average.

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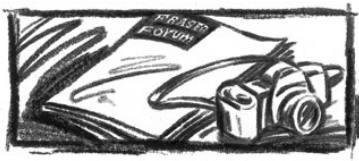


Table 1: Canadian Results and Rankings

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	23.7	7	0.68	5	1,165	3
Alberta	25.1	5	0.72	4	1,294	1
Saskatchewan	27.5	3	0.77	2	971	6
Manitoba	28.7	1	0.83	1	1,068	5
Ontario	27.7	2	0.74	3	1,189	2
Quebec	22.6	9	0.30	11	473	13
New Brunswick	23.2	8	0.67	7	964	7
Nova Scotia	23.8	6	0.54	8	808	11
Prince Edward Island	26.5	4	0.67	6	808	10
Newfoundland & Labrador	21.1	10	0.52	9	756	12
Yukon	19.0	11	0.31	10	878	8
Northwest Territories	16.6	12	0.23	12	854	9
Nunavut	11.2	13	0.22	13	1,138	4

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

Table 2: Change in Canadian Generosity by Province, 1995 to 2001

Province	Percent of returns with charitable donations (%)			Percent of income donated (%)		
	1995	2001	% change	1995	2001	% change
British Columbia	23.8	23.7	(0.6)	0.56	0.68	22.2
Alberta	26.8	25.1	(6.4)	0.62	0.72	17.0
Saskatchewan	29.1	27.5	(5.4)	0.75	0.77	3.4
Manitoba	30.2	28.7	(5.1)	0.72	0.83	15.6
Ontario	28.8	27.7	(4.0)	0.59	0.74	24.8
Quebec	25.0	22.6	(9.7)	0.28	0.30	6.3
New Brunswick	24.2	23.2	(4.1)	0.60	0.67	11.4
Nova Scotia	26.0	23.8	(8.3)	0.50	0.54	8.0
Prince Edward Island	30.0	26.5	(11.6)	0.72	0.67	(6.9)
Newfoundland & Labrador	21.1	21.1	(0.4)	0.50	0.52	5.3
Yukon	19.8	19.0	(3.8)	0.36	0.31	(11.6)
Northwest Territories (including Nunavut)	14.6	14.7	0.6	0.27	0.23	(15.9)

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

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 - dollars)	Rank for average charitable donation
Alabama	27.6	32	1.91	8	3,997	10
Alaska	21.1	51	1.16	45	3,239	28
Arizona	33.6	16	1.58	22	2,924	41
Arkansas	20.9	53	1.68	12	4,408	6
California	34.2	12	1.62	17	3,542	18
Colorado	34.9	10	1.62	16	3,255	27
Connecticut	39.0	3	1.60	20	3,553	17
Delaware	33.6	15	1.61	18	3,219	29
District of Columbia	35.8	8	2.36	2	5,417	3
Florida	24.8	45	1.54	24	3,871	14
Georgia	33.7	14	2.02	5	3,931	12
Hawaii	30.3	24	1.33	39	2,696	45
Idaho	30.6	23	1.81	10	3,390	21
Illinois	31.3	20	1.45	31	3,309	25
Indiana	26.5	40	1.39	34	3,145	32
Iowa	27.8	30	1.27	42	2,728	43
Kansas	27.2	35	1.51	26	3,468	20
Kentucky	26.7	38	1.38	35	2,963	39
Louisiana	18.5	58	1.24	43	3,895	13
Maine	27.4	34	1.12	46	2,317	50
Maryland	43.6	1	2.07	4	3,500	19
Massachusetts	36.7	6	1.45	30	3,170	31
Michigan	33.2	18	1.55	23	3,016	38
Minnesota	37.8	4	1.60	19	2,929	40
Mississippi	19.9	55	1.63	15	4,340	7
Missouri	26.9	36	1.44	32	3,327	24
Montana	26.4	41	1.36	36	2,628	46
Nebraska	26.8	37	1.46	29	3,352	22
Nevada	30.8	21	1.47	28	3,080	35
New Hampshire	30.8	22	1.08	48	2,368	49
New Jersey	40.5	2	1.53	25	3,041	36
New Mexico	23.7	47	1.49	27	3,123	33
New York	35.9	7	1.92	7	4,226	8



Cover Story

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 - dollars)	Rank for average charitable donation
North Carolina	32.2	19	1.87	9	3,562	16
North Dakota	17.0	59	0.99	50	3,187	30
Ohio	28.7	27	1.31	41	2,696	44
Oklahoma	26.0	43	1.77	11	3,996	11
Oregon	34.7	11	1.58	21	2,841	42
Pennsylvania	28.6	29	1.32	40	3,018	37
Rhode Island	34.0	13	1.18	44	2,240	51
South Carolina	29.1	26	1.93	6	3,720	15
South Dakota	14.4	63	1.02	49	4,032	9
Tennessee	20.2	54	1.63	14	4,873	4
Texas	19.0	57	1.36	37	4,736	5
Utah	36.9	5	3.63	1	5,638	2
Vermont	26.2	42	1.09	47	2,442	48
Virginia	35.3	9	1.67	13	3,266	26
Washington	29.4	25	1.43	33	3,344	23
West Virginia	14.7	62	0.83	51	3,101	34
Wisconsin	33.4	17	1.34	38	2,444	47
Wyoming	16.3	61	2.10	3	7,917	1
British Columbia	23.7	48	0.68	56	1,165	54
Alberta	25.1	44	0.72	55	1,294	52
Saskatchewan	27.5	33	0.77	53	971	57
Manitoba	28.7	28	0.83	52	1,068	56
Ontario	27.7	31	0.74	54	1,189	53
Quebec	22.6	50	0.30	62	473	64
New Brunswick	23.2	49	0.67	58	964	58
Nova Scotia	23.8	46	0.54	59	808	62
Prince Edward Island	26.5	39	0.67	57	808	61
Newfoundland & Labrador	21.1	52	0.52	60	756	63
Yukon	19.0	56	0.31	61	878	59
Northwest Territories	16.6	60	0.23	63	854	60
Nunavut	11.2	64	0.22	64	1,138	55

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

Is Canadian generosity declining?

Table 2 presents the change in Canadian generosity by province over the past 6 years. What is most striking about these trends is the dramatic drop in the percentage of Canadians that gave to charity between 1995 and 2001. The drop is highest in Quebec (9.7%) and in Prince Edward Island (11.6%), while at the other end of the spectrum the extent of charitable giving has declined only marginally in Newfoundland (0.4%) and British Columbia (0.6%).

While relatively fewer Canadians may now be giving to charity, with the exception of the NWT, Yukon, and PEI, the depth of this generosity has grown. This increase, measured by the percent of aggregate income donated in each province, has been most dramatic in Ontario (24.8%), BC (22.2%), and Manitoba (15.6%).

Canadian versus American generosity

The starkest differences, however, come not from comparing generosity between provinces and territories in Canada, but in comparing the generosity of Canadians and Americans. While roughly the same percentage of tax filers in Canada and the US donate to charity, the depth of their charitable giving is dramatically different.⁴ In 2001, Americans gave 1.59 percent of their aggregate income to charity—over two-and-a-half times more than Canadians (0.62 percent). This means that if Canadians had given, in aggregate, the same percentage of their incomes to charity as the Americans did, the Canadian charitable sector would have had \$8.4 billion more to do their good works.

Table 3 presents the data and ranks all of the US states, and the provinces and territories in Canada, for both measures of the Generosity Index (the extent and depth of charitable giving) and the average charitable donation in each sub-national jurisdiction.

In terms of the extent of charitable donations, Maryland is at the top of the list, with 43.6 percent of itemized tax filers donating to charity. No Canadian province falls into either of the top two quintiles by this measure. The top performers—Manitoba and Ontario—fall in the middle of the third quintile, ranking twenty-eighth and thirty-first, respectively.

Canadian provinces and territories do far worse when comparing the depth of charitable giving, falling behind every single US state in terms of percentage of income donated. The aggregate income donated to charity in Utah was 3.6 percent, more than any other jurisdiction in the US or Canada. In sharp contrast, the aggregate income donated in Manitoba, Canada's top-ranked province by this measure, was just 0.83 percent—less than a quarter of the amount donated in Utah.

While not included in the calculations for the Generosity Index, Canada makes its poorest showing in the average value of charitable donations in local currency. In top-ranked Wyoming, those citizens who donate make an average charitable donation of \$7,917, six times more than the average in Alberta (\$1,294), Canada's top-ranked province by this measure. Even the lowest ranked state, Rhode Island, has an average donation (\$2,240) that is almost twice as large as Alberta's. The variation is even more pronounced when currency differences are taken into account.

The 2003 Generosity Index

Table 4 presents the overall results of the 2003 Generosity Index. Index scores are given for the percentage of income donated and the percentage of tax filers donating. The table also gives an overall index score.

The top-ranking jurisdiction is Utah, with an overall index score of 9. Maryland, with an overall score of 7.7, and the District of Columbia, scoring 6.9, ranked second and third. Canada's top province, Manitoba, is forty-third overall, scoring 3.6 on the 2003 Generosity Index. Manitoba's overall score has been steadily declining since 2000, when the province scored 4.9 and ranked thirty-second overall. Quebec ranked last among Canadian provinces, placing fifty-ninth overall with a score of 1.9, a slight increase from last year's score of 1.6. Last-placed Nunavut scored 0.0 on the Generosity Index due to the fact that it had both the lowest percentage of tax filers donating to charities and the lowest percentage of income donated to charities.

Conclusion

The Generosity Index offers an empirical measurement of the monetary generosity of citizens in Canada and the US, based on the extent and depth of their charitable donations as recorded on income tax returns. For the past six years, the index has shown that while similar percentages of Canadians and Americans may donate to charity, the depth of charitable giving, measured by the percentage of income donated, is dramatically lower in Canada than the US. Canada's charities would have had an additional \$8.4 billion if we were as generous in donating a comparable percentage of our income to charity as Americans were. This figure indicates a



Table 4: Generosity Index Scores For Canada and the USA

Overall Rank (out of 64)	State/Province	Index: Percent of returns with charitable donations	Index: Percent of income donated	Overall Index Score	Overall Rank (out of 64)	State/Province	Index: Percent of returns with charitable donations	Index: Percent of income donated	Overall Index Score
1	Utah	8.0	10.0	9.0	36	Indiana	4.7	3.4	4.1
2	Maryland	10.0	5.4	7.7	37	Florida	4.2	3.9	4.0
3	District of Columbia	7.6	6.3	6.9	38	Montana	4.7	3.3	4.0
4	New Jersey	9.1	3.9	6.5	39	Maine	5.0	2.7	3.8
5	Connecticut	8.6	4.0	6.3	40	New Mexico	3.9	3.7	3.8
6	New York	7.6	5.0	6.3	41	Arkansas	3.0	4.3	3.6
7	Minnesota	8.2	4.1	6.1	42	Vermont	4.6	2.6	3.6
8	Georgia	7.0	5.3	6.1	43	Manitoba	5.4	1.8	3.6
9	Virginia	7.5	4.3	5.9	44	Wyoming	1.6	5.5	3.5
10	Massachusetts	7.9	3.6	5.7	45	Tennessee	2.8	4.1	3.5
11	Colorado	7.3	4.1	5.7	46	Mississippi	2.7	4.1	3.4
12	North Carolina	6.5	4.8	5.7	47	Saskatchewan	5.0	1.6	3.3
13	Oregon	7.3	4.0	5.6	48	Ontario	5.1	1.5	3.3
14	California	7.1	4.1	5.6	49	Prince Edward Island	4.7	1.3	3.0
15	Delaware	6.9	4.1	5.5	50	Alaska	3.1	2.8	2.9
16	Arizona	6.9	4.0	5.5	51	Alberta	4.3	1.5	2.9
17	Michigan	6.8	3.9	5.3	52	Texas	2.4	3.3	2.9
18	Idaho	6.0	4.7	5.3	53	Louisiana	2.3	3.0	2.6
19	South Carolina	5.5	5.0	5.3	54	British Columbia	3.9	1.4	2.6
20	Wisconsin	6.9	3.3	5.1	55	New Brunswick	3.7	1.3	2.5
21	Alabama	5.1	5.0	5.0	56	Nova Scotia	3.9	0.9	2.4
22	Rhode Island	7.0	2.8	4.9	57	North Dakota	1.8	2.3	2.0
23	Illinois	6.2	3.6	4.9	58	Newfoundland & Labrador	3.1	0.9	2.0
24	Nevada	6.1	3.7	4.9	59	Quebec	3.5	0.2	1.9
25	Washington	5.6	3.6	4.6	60	South Dakota	1.0	2.4	1.7
26	Hawaii	5.9	3.2	4.6	61	West Virginia	1.1	1.8	1.5
27	Oklahoma	4.6	4.5	4.6	62	Yukon	2.4	0.3	1.4
28	Kansas	5.0	3.8	4.4	63	Northwest Territories	1.7	0.0	0.9
29	Ohio	5.4	3.2	4.3	64	Nunavut	0.0	0.0	0.0
30	Pennsylvania	5.4	3.2	4.3					
31	New Hampshire	6.1	2.5	4.3					
32	Nebraska	4.8	3.6	4.2					
33	Missouri	4.8	3.6	4.2					
34	Kentucky	4.8	3.4	4.1					
35	Iowa	5.1	3.1	4.1					

Sources: IRS; Canada Customs and Revenue Agency; Statistics Canada, Provincial Economic Accounts; Bureau of Economic Analysis; calculations by the authors.

sizable “generosity gap” that Canadians should seek to both explain and eliminate.

Notes

¹While earlier editions of the generosity index incorporated donations of time as well as money (Francis, 1998; Clemens and Samida, 1999) the Canada Customs and Revenue Agency (CCRA) no longer collects data on volunteer time donated to charity. For survey data on rates of volunteerism in Canada, see Statistics Canada, 2001.

²The authors would like to acknowledge the contribution of Johanna Francis and Jason Clemens in the previous editions of the Generosity Index.

³While Statistics Canada recently released data for the 2002 tax year, comparable data for 2002 is not yet available for the US.

⁴It is likely that these numbers actually *underestimate* the charitable donations of Americans 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.

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