

**ESTIMATING INDIVIDUAL CHARITABLE GIVING  
IN THE METROPOLITAN WASHINGTON REGION**

**FINAL REPORT**

**BY LINDA LAMPKIN, MARIE GANTZ,  
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# **ESTIMATING INDIVIDUAL CHARITABLE GIVING IN THE METROPOLITAN WASHINGTON REGION**

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## **INTRODUCTION**

As immense individual wealth for some is generated by an extended bull market in this global high-tech economy and the unprecedented transfer of wealth from the so-called “baby boomers” begins, more attention is being focused on giving to charity. Over the next half century, the transfer of wealth in the United States is expected to range between \$41 trillion and \$136 trillion, with some researchers<sup>1</sup> predicting that charities will realize an additional \$6 trillion to \$25 trillion in donations. Yet in spite of renewed interest in understanding philanthropic gifts, the primary sources of information on individual giving are very limited and give only an aggregate view at the national level. These data show that most households give about 2 percent of income, a proportion that has remained relatively constant for years despite economic ups and downs, changing government policies, and changing attitudes about charities and philanthropy.

The Washington Regional Association of Grantmakers (WashRAG) received a grant from New Ventures in Philanthropy to institute a program designed to increase philanthropic resources for the Metropolitan Washington Region, both from within the region and coming in from other areas. The basic premises are that there is substantial wealth in the region to be tapped and that projects exist and can be developed that will be of interest to local and non-local philanthropy. Such initiatives would include helping alleviate social problems, expanding educational opportunities, and contributing to quality of life. One of the tasks under the New Ventures grant is to develop methods to measure the results of the efforts to promote philanthropy. The currently available data within the region are simply inadequate to provide this measurement.

To help improve regional data on giving, the Urban Institute’s Center on Nonprofits and Philanthropy (CNP) developed a method of measuring levels of giving in the Metropolitan Washington Region using the Statistics of Income (SOI) Individual Tax Return data available from the Internal Revenue Service (IRS). The methodology is described below. The resulting estimates of charitable giving are presented in the attached two-page report prepared for the Washington Regional Association of Grantmakers.

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<sup>1</sup> Havens, John J., and Paul G. Schervish in “Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy” dated October 19, 1999, and available at [www.bc.edu/bc\\_org/avp/gsas/swri/m&m](http://www.bc.edu/bc_org/avp/gsas/swri/m&m).

## **METHODOLOGY**

Data on total adjusted gross income (AGI) reported on individual tax returns were obtained from the IRS at the county level. Total charitable deductions were available only at the state level, so they had to be estimated for suburban Maryland and Virginia. To make these estimates, each state was divided into two parts: the metropolitan Washington area and the rest of the state. The assumption was made that the rest of the state donated two percent of total AGI, the national average. The remainder of the contributions in the state were attributed to residents of the metropolitan Washington region (see Table 1, attached). Non-itemized contributions were estimated based on national averages using the Charitable Giving Model developed by the Urban Institute (see Table 2, attached.)

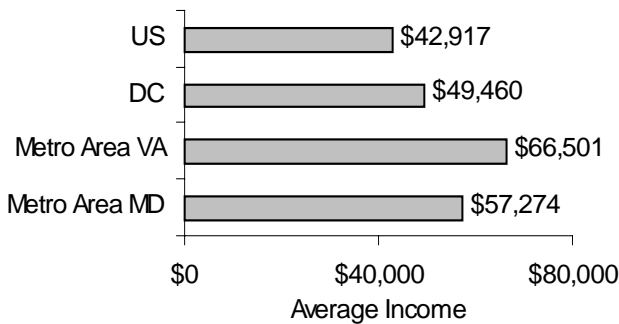
## **SUMMARY**

WashRAG has summarized the findings of this research in its publication, *A Region of Givers: The Report on Philanthropy on the Greater Washington, DC Region, 2000*, as follows:

- The adjusted gross income of area taxpayers in the Washington region exceeds the national average.
- Residents in the region in 1998 gave an estimated 3.9 percent of their income to charity, compared with the estimated average of 2.7 percent in the United States.
- Estimated total charitable contributions made by taxpayers in 1998 were about \$4.8 billion.

# 1998 Income and Estimated Giving . . .

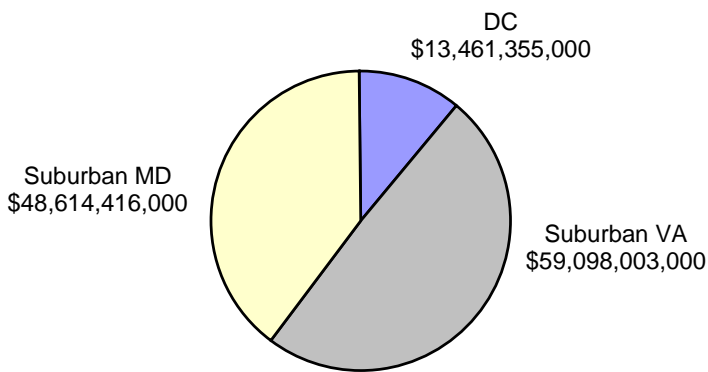
**Average Income in the Metropolitan Washington Region, 1998**



Residents of the Metropolitan Washington Region were among the wealthiest in the nation in 1998. Average income per tax return throughout the region was above the national average of approximately \$43,000. Residents of suburban Virginia had the highest average income in the region, at \$66,501. Suburban Maryland's average was \$57,274, and the District of Columbia's was \$49,460.

In 1998, total income for all individual taxpayers in the Metropolitan Washington Region was over \$121 billion. Of that amount, 11 percent belonged to District of Columbia taxpayers, 40 percent to suburban Maryland residents, and 49 percent to residents of suburban Virginia.

**Total Individual Income in the Metropolitan Washington Region, 1998**



Estimated average charitable contributions were also above the national average in the Metropolitan Washington Region in 1998. The estimated average charitable contribution per tax return filed in the United States was about \$1,150. Suburban Maryland taxpayers' estimated contribution per return was the highest in the Metropolitan Washington Region, at \$2,635. Suburban Virginia was next, at \$2,193, followed by the District of Columbia, at \$2,117.

These estimates were calculated based on Internal Revenue Service data on charitable deductions

**The Metropolitan Washington Region includes the following areas of Virginia and Maryland:**

**Virginia:**

- ALEXANDRIA
- ARLINGTON COUNTY
- CLARKE COUNTY
- CULPEPER COUNTY
- FAIRFAX CITY
- FAIRFAX COUNTY
- FALLS CHURCH
- FAUQUIER COUNTY
- FREDERICKSBURG
- KING GEORGE COUNTY
- LOUDOUN COUNTY
- MANASSAS

- MANASSAS PARK
- PRINCE WILLIAM COUNTY
- SPOTSYLVANIA COUNTY
- STAFFORD COUNTY
- WARREN COUNTY

**Maryland:**

- CALVERT COUNTY
- CHARLES COUNTY
- FREDERICK COUNTY
- MONTGOMERY COUNTY
- PRINCE GEORGE'S COUNTY

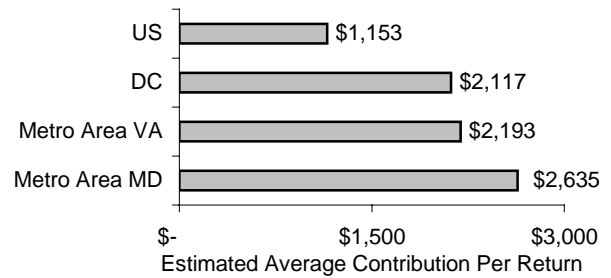
## ... in the Metropolitan Washington Region

itemized on individual income tax returns. Using these data, the National Center for Charitable Statistics at the Urban Institute estimates that income tax itemizers in the Washington Metropolitan Region gave about \$3.54 billion to charity in 1998. In addition, non-itemizers gave an estimated \$1.22 billion, based on calculations using the Urban Institute's Charitable Giving Model.

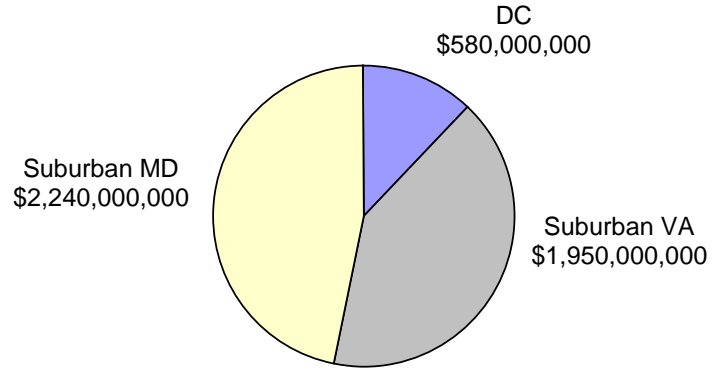
All told, estimated total charitable contributions made by taxpayers in the Metropolitan Washington Region in 1998 came to about \$4.76 billion. Approximately 12 percent of that was contributed by District of Columbia residents. Taxpayers in suburban Virginia contributed 41 percent of the total, while about 47 percent of the contributions were from residents of suburban Maryland.

Nationally, an estimated 2.7 percent of total individual income was contributed to charity in 1998. Of taxpayers in the Metropolitan Washington Region, those who lived in suburban Maryland contributed the highest percentage of their income—an estimated 4.6 percent. Those who lived in the District were second with an estimated 4.3 percent, while suburban Virginians contributed an estimated 3.3 percent. All Washington Region percentages were above the national average of 2.7 percent of income contributed.

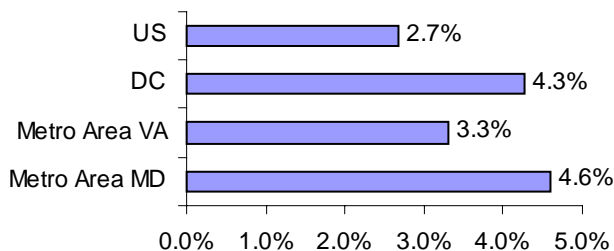
**Estimated Average Contribution in the Metropolitan Washington Region, 1998**



**Estimated Total Contributions in the Metropolitan Washington Region, 1998**



**Estimated Percent of Total Income Contributed in the Metropolitan Washington Region, 1998**



*Of taxpayers in the Metropolitan Washington Region, those who lived in suburban Maryland contributed the highest percentage of their income in 1998.*

**Table 1: Giving Estimates for Areas of Virginia and Maryland Located in the Metropolitan Washington Region\***

(Dollars in Thousands)

Area	State Total Itemized Contributions	Total Non-Metropolitan Washington AGI	Estimated Non-Metropolitan Washington Itemized Contributions <sup>1</sup>	Estimated Metropolitan Washington Itemized Contributions <sup>2</sup>	Estimated Percent of Metropolitan Washington AGI Itemized as Contributions
Virginia	\$3,019,669	\$78,589,843	\$1,571,797	\$1,447,872	2.4%
Maryland	\$2,907,250	\$62,282,401	\$1,245,648	\$1,661,602	3.4%

**Table 2: Giving Estimates for the Metropolitan Washington Region**

Area	ADJUSTED GROSS INCOME			ITEMIZED CONTRIBUTIONS <sup>3</sup>			NON-ITEMIZED CONTRIBUTIONS <sup>4</sup>		TOTAL CONTRIBUTIONS		
	Total (in thousands)	Number of Returns	Per Return	Total (in thousands)	Per Return	Percent of AGI	Total (in thousands)	Per Return	Total (in thousands)	Per Return	Percent of AGI
US	\$5,381,508,195	125,393,584	\$42,917	\$107,435,023	\$857	2.0%	\$37,186,192	\$297	\$144,621,215	\$1,153	2.7%
DC	\$13,461,355	272,169	\$49,460	\$427,959	\$1,572	3.2%	\$148,128	\$544	\$576,087	\$2,117	4.3%
Metro Area VA	\$59,098,003	888,680	\$66,501	\$1,447,872	\$1,629	2.4%	\$501,148	\$564	\$1,949,020	\$2,193	3.3%
Metro Area MD	\$48,614,416	848,800	\$57,274	\$1,661,602	\$1,958	3.4%	\$575,126	\$678	\$2,236,728	\$2,635	4.6%
Metro Washington	\$121,173,774	\$2,009,649		\$3,537,433			\$1,224,402		\$4,761,835		3.9%

**Tables 1 and 2 Methodology and Notes:**

\* The Metropolitan Washington Region includes the following areas of Virginia and Maryland:

Virginia:

ALEXANDRIA  
 ARLINGTON COUNTY  
 CLARKE COUNTY  
 CULPEPER COUNTY  
 FAIRFAX CITY  
 FAIRFAX COUNTY

FALLS CHURCH  
 FAUQUIER COUNTY  
 FREDERICKSBURG  
 KING GEORGE COUNTY  
 LOUDOUN COUNTY  
 MANASSAS

MANASSAS PARK  
 PRINCE WILLIAM COUNTY  
 SPOTSYLVANIA COUNTY  
 STAFFORD COUNTY  
 WARREN COUNTY

Maryland:

CALVERT COUNTY  
 CHARLES COUNTY  
 FREDERICK COUNTY  
 MONTGOMERY COUNTY  
 PRINCE GEORGE'S COUNTY

<sup>1</sup> [Estimated Non-Metropolitan Washington Itemized Contributions] = 0.02 \* [Total Non-Metropolitan Washington AGI]. This assumes that Non-Metropolitan Washington regions of Virginia and Maryland contribute the same percent of total AGI as the national average (2%).

<sup>2</sup> [Estimated Metropolitan Washington Itemized Contributions] = [Total Non-Metropolitan Washington AGI] - [Estimated Non-Metropolitan Washington Itemized Contributions]

<sup>3</sup> Estimates of Itemized Contributions for Metro Area Virginia and Maryland are based on the Estimated Percent of Metropolitan Washington AGI Itemized as Contributions given in Table 1.

<sup>4</sup> Non-Itemized Contributions were estimated based on national averages using the Charitable Giving Model developed by the Urban Institute.

Data Source: IRS Statistics of Income data on individual tax returns filed in 1998.

Note: Shaded cells contain estimates.