

**CHARITABLE GIVING IN ILLINOIS**

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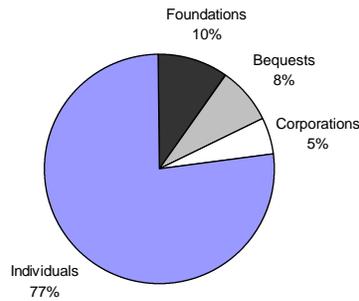
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## CHARITABLE GIVING IN ILLINOIS

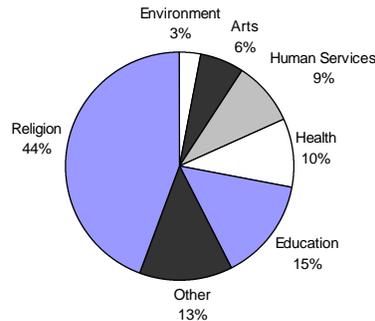
### AN OVERVIEW OF GIVING IN THE UNITED STATES

Despite a growing interest in philanthropy, spurred by a thriving economy, a bull market, and a high-tech industry that spawns new millionaires overnight, little information is available on how much individuals give to charity. According to estimates by the AAFRC Trust for Philanthropy, a total of \$134.8 billion was contributed by US residents in 1998. This constitutes 77 percent of the total \$175.1 billion given by individuals, foundations, corporations, and bequests. About 44 percent of total giving was to religious organizations, and fifteen percent went to education nonprofits. A quarter of the contributions were divided among health, human services, and the arts, while three percent was given to environmental groups.

Sources of Charitable Contributions, 1998



Contribution Recipients, 1998



Not much is known about charitable giving at the regional level; however, one source of information on giving at the state level is the individual tax return data published annually in the Internal Revenue Service (IRS) Statistics of Income (SOI) Bulletin. One drawback of these data is that they provide information about tax-payers' incomes but not their wealth. For example, tax-payers with low incomes might include individuals who are retired but who have accumulated significant wealth which they are now contributing to charity.

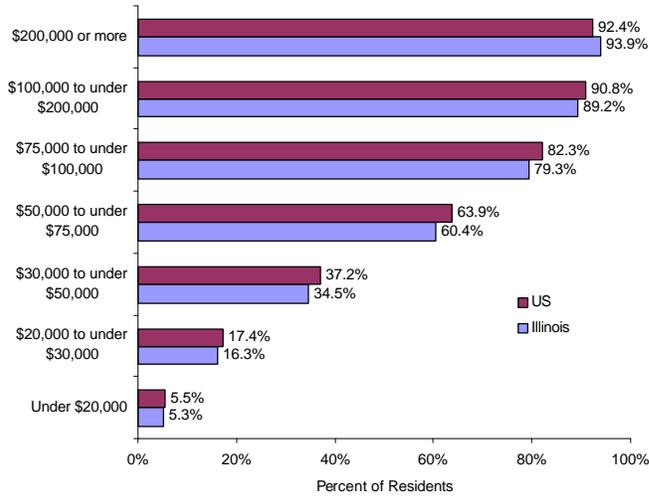
Another limitation of the SOI data is that they provide information on charitable donations only for tax-payers who choose to itemize deductions, so not all contributions are included. In 1998, only 31 percent of US taxpayers itemized deductions on their returns. About 70 percent of US tax-payers took the standard deduction and did not, therefore, declare their charitable contributions. As itemized contributions for 1998 equaled \$107.4 billion, the IRS returns represent about 80 percent of total giving by individuals estimated by AAFRC, and approximately 30 percent of the population.

The percent of tax-payers who itemize returns varies by income level. Among those with the highest incomes, \$200,000 or more, about 92 percent of all tax-payers itemize, while only about a third or less of tax-payers who make under \$50,000 itemize.

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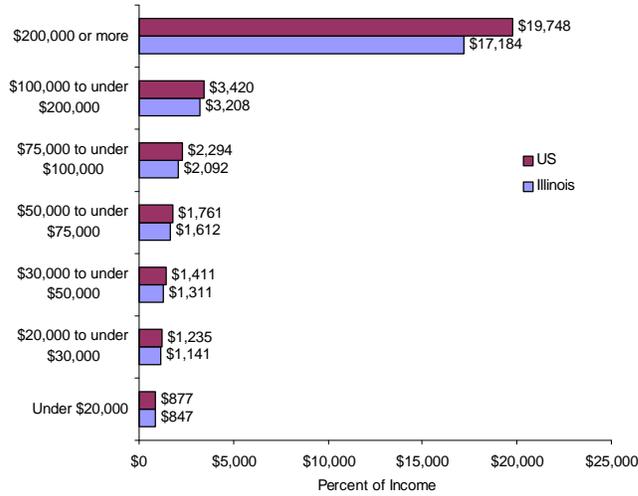
In Illinois, as in the US as a whole, about 31 percent of all tax-payers itemize. At all income levels, the percent of Illinois tax-payers who itemize is very close to the national average. The percent of Illinois returns itemized ranges from 5.3 percent of returns with under \$20,000 in income to 93.9 percent of returns with at least \$200,000 in income.

**Percent of Tax-Payers in the US and Illinois Who Itemize Their Tax Returns, by Income Level, in 1998**



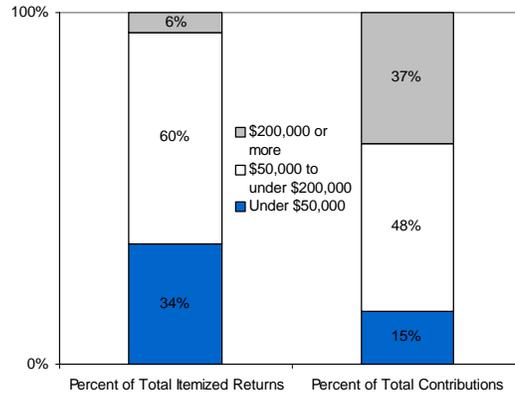
Itemizers in higher income ranges tend to donate larger amounts than those in the lower income brackets. The average contribution per itemizer in 1998 nationally varied from \$877 for those with incomes under \$20,000, to \$19,748 for those with incomes of \$200,000 or more. Again, at all income levels, average itemizer contributions in Illinois were close to the national average. They ranged between \$847 for itemizers with less than \$20,000 in income to \$17,184 for those with at least \$200,000 in income.

**Average Itemizer Contribution in the US and Illinois,  
by Income Level, in 1998**



Because a greater proportion of tax-payers in the higher income ranges itemize their returns, and because individuals with higher incomes also tend to donate greater amounts to charity, it is not surprising that 35 percent of total itemized contributions in the US are given by the 5 percent of itemizers with incomes of \$200,000 or more. Conversely, individuals with incomes of under \$50,000 account for 38 percent of total itemizers and 17 percent of total itemized contributions.

**Percent of Total Itemized Returns and Contributions  
in Illinois, by Income Range, 1998**

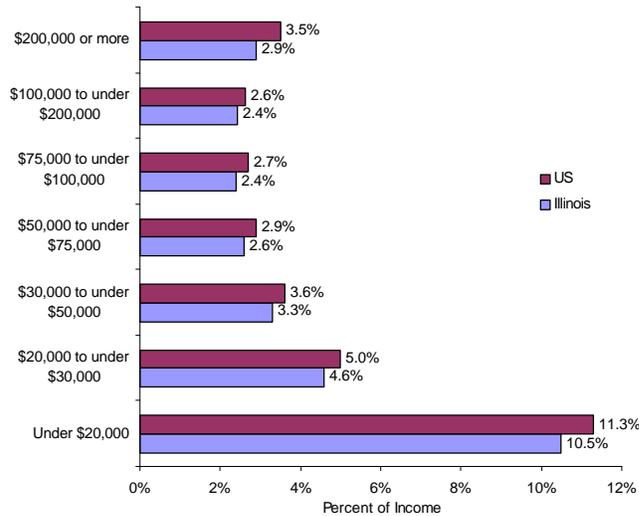


In Illinois, the figures are very similar. Of the \$4.8 billion total itemized contributions in the state, 37 percent was given by the 6 percent of itemizers with incomes of at least \$200,000, while 15 percent was donated by the 34 percent who make less than \$50,000.

To estimate the percent of income donated by itemizers, we first estimate their incomes by applying the percent of itemizers in each income range to the total income in that category. For example, if 94 percent of Illinois tax-payers in the \$200,000 or more income range itemize, we assume that 94 percent of the total income of Illinois tax-payers in the \$200,000 or more income range is itemizer income.

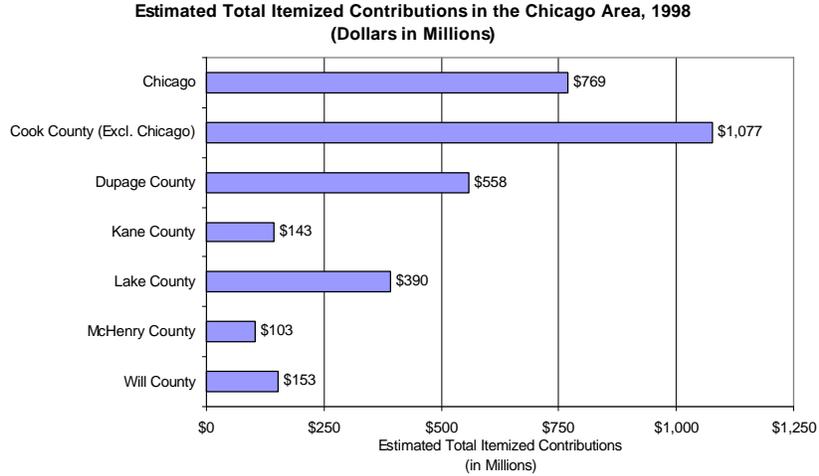
As seen in the graph below, the estimated percent of itemizer income donated is higher in the lowest and highest income categories than it is in the mid-range categories. The same trend has been reported in other studies of charitable giving, including the Independent Sector's national survey of giving and volunteering. The percent of itemizer income donated varies between 2.6 and 11.3 percent. In every income category, the estimated percent of income contributed by itemizers in Illinois is relatively close to the national average.

**Estimated Percent of Itemizer Income Donated to Charity in the US and Illinois, by Income Level, in 1998**



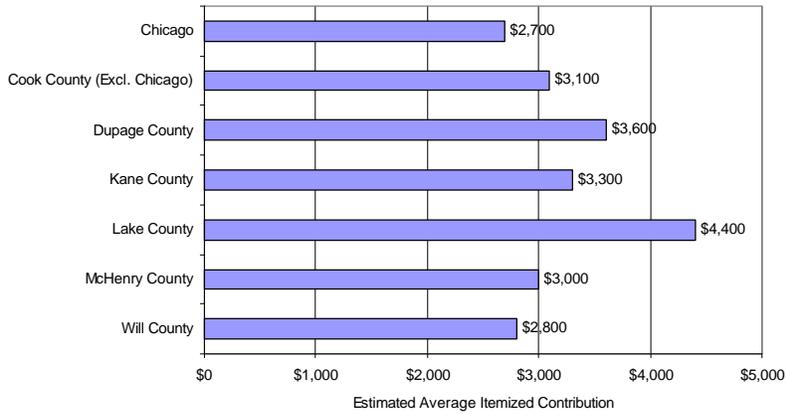
**GIVING IN THE CHICAGO METROPOLITAN AREA**

Using the percent of itemizer income donated in Illinois in 1998 and the income distribution in Illinois zip codes in 1997, we can estimate the number of itemizers and amount of itemized contributions in the Chicago area in 1998. Itemizers in the Chicago metropolitan area gave an estimated \$3.2 billion, about two-thirds of the total \$4.8 contributed in the state of Illinois. Of the counties in the Chicago Area, Cook County, excluding Chicago, was estimated to have contributed the most, with an approximate \$1.1 billion. McHenry County was estimated to have donated the least, with about \$103 million.



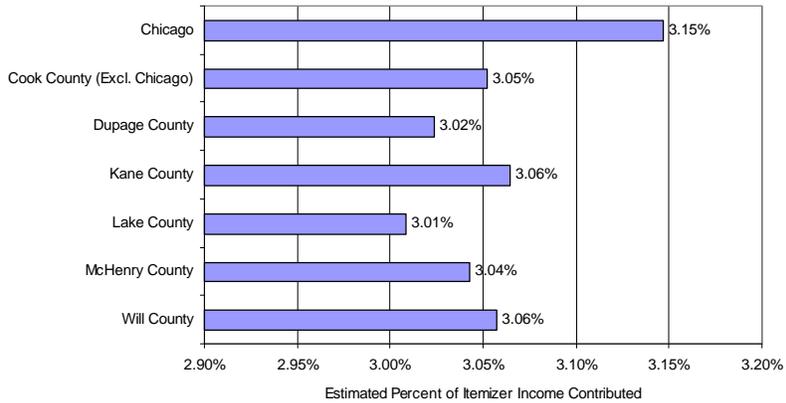
The estimated average contribution per itemizer in the Chicago area varied from about \$2,700 in Chicago to about \$4,400 in Lake County. The estimated average for the rest of the state was lower, at about \$2,100. The actual average itemized contribution in Illinois as a whole was \$2,721, slightly less than the national average of \$2,797.

**Estimated Average Itemized Contributions in the Chicago Area, 1998**



The estimated percent of itemizer income contributed in 1998 was 3.17 nationally and 2.81 in Illinois. Within the Chicago area, this percentage ranged from 3.01 in Lake County to 3.15 in Chicago. In the rest of Illinois, outside the Chicago metropolitan area, an estimated 2.42 percent of itemizer income was contributed.

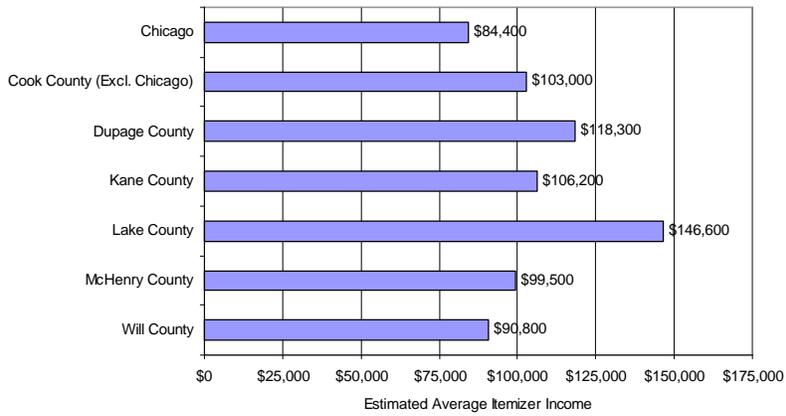
**Estimated Percent of Itemizer Income Contributed in the Chicago Area, 1998**



The variation in estimated average itemized contribution and percent of itemizer income donated in the various regions of Illinois is the result of varying incomes in these regions. Counties with higher average itemizer incomes, like Lake County, have higher average itemized contributions. On the other hand, places with a higher estimated proportion of itemizers in the lower income ranges, like Chicago, have a higher estimated percent of itemizer income contributed. Recall that itemizers with the highest and lowest incomes tend to give greater

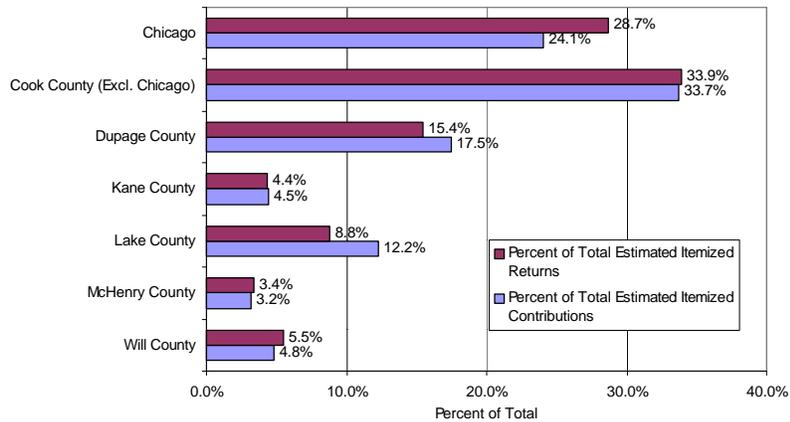
percentages of income. Estimated average itemizer incomes in the Chicago area ranged from about \$84,400 in Chicago to about \$146,600 in Lake County. The estimate for Illinois outside the Chicago area was \$88,400, higher than Chicago, but lower than the rest of the metropolitan area. Overall, the estimated average itemizer income in Illinois was about \$96,800, considerably higher than the national average of about \$88,200.

**Estimated Average Itemizer Income in the Chicago Area, 1998**



Because of these differences in income distribution, returns in Chicago account for almost 29 percent of the estimated number of itemizers in the metropolitan area but only 24 percent of the estimated itemized contributions. Conversely, DuPage and Lake Counties account for a higher percentage of the estimated total itemized contributions than estimated itemizers.

**Percent of Total Estimated Itemized Returns and Contributions in the Chicago Area, 1998**

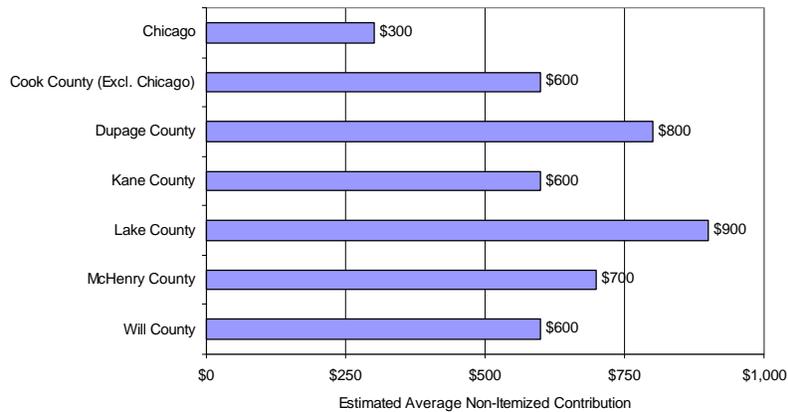


The charitable contributions of tax-payers who do not itemize deductions on their tax returns can be estimated using the Charitable Giving Model developed by the Urban Institute. The model estimates that at the national level, non-itemizer contributions equal about a third of the total given by itemizers. Applying this model at the regional level simply re-scales the giving estimates by increasing total contributions by about 34 percent.

Because the Charitable Giving Model bases estimates of non-itemizer giving on the amount contributed by itemizers, regional estimates of average non-itemizer contributions and percentages of non-itemizer income contributed are artifacts of the percentage of returns itemized in the region. Comparisons between regions should be based on itemizer contributions, and the non-itemizer estimates should serve only to give a better idea of actual total giving in the area. That being the case, the following estimates of non-itemizer average contributions should not be used to form any conclusions. They are presented here simply to describe the non-itemizer estimates.

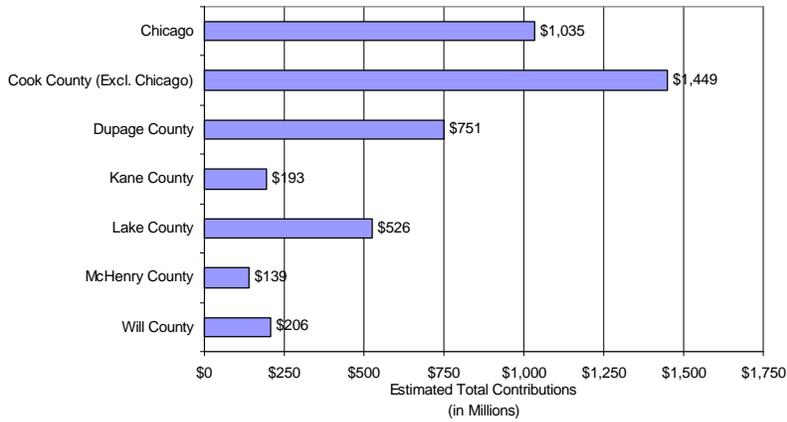
The estimated average contribution of non-itemizers in Illinois, based on the Charitable Giving Model, was \$400, the same as the national average. In the Chicago area the average was \$500, and in the rest of the state the average was \$300. Estimated average contributions in the Chicago metropolitan area varied from about \$300 in Chicago to about \$900 in Lake County.

**Estimated Average Non-Itemized Contribution in the Chicago Area, 1998**



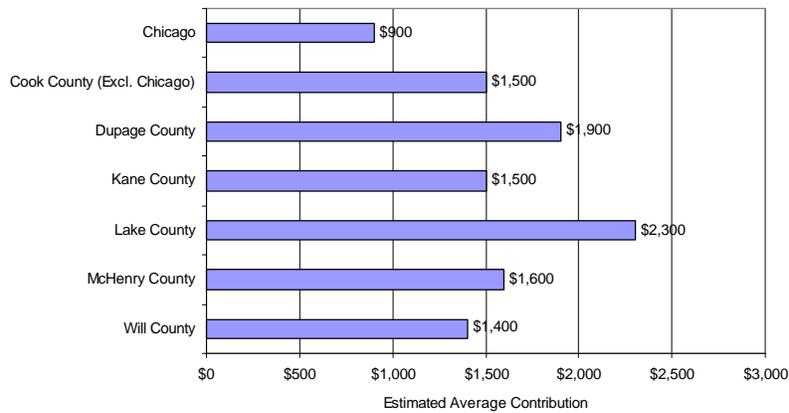
Combining itemized and non-itemized contributions, estimated total giving for 1998 in the state of Illinois was about \$6.5 billion. Total contributions were an estimated \$4.3 billion in the Chicago area and about \$2.2 billion in the rest of the state. Within the Chicago metropolitan area, estimated donations ranged from about \$139 million in McHenry County to about \$1.4 billion for Cook County excluding Chicago.

**Estimated Total Contributions in the Chicago Area, 1998  
(Dollars in Millions)**



The estimated average charitable contribution in the Chicago area varied from about \$900 in Chicago to about \$2,300 in Lake County. The overall average for the metropolitan area was about \$1,400 and the average for the rest of the state was about \$900. The average given in Illinois as a whole was an estimated \$1,150, the same as the national average.

**Estimated Average Contribution in the Chicago Area, 1998**



Together, itemized and non-itemized contributions equaled an estimated 2.44 percent of taxpayer income in the state of Illinois. This is somewhat less than the national estimate of 2.69 percent. Estimated total giving was about 2.45 percent of income in the Chicago area and about 2.43 percent of income in the rest of the state. Estimates in the metropolitan area ranged from 2.19 percent in Chicago to 2.68 percent in Lake County.

**Estimated Percent of Income Contributed in the Chicago Area, 1998**

