



Embargoed until 12:01 a.m., June 19, 2006

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Charitable Giving Rises 6 Percent to More than \$260 Billion in 2005
Disaster relief tops all records and totals 3 percent of all giving

GLENVIEW, Ill. (June 7, 2006) – *Giving USA*, the yearbook of philanthropy, estimates Americans gave total contributions of \$260.28 billion for 2005, growth of 6.1 percent (2.7 percent adjusted for inflation). The year 2005 saw extraordinary philanthropic response to three major natural disasters. About half of the \$15 billion increase in total giving from the revised estimate of \$245.22 billion in 2004 is attributable to disaster relief giving. The other half reflects donors' commitments to other causes that matter to them. *Giving USA* is published by the Giving USA Foundation™ and researched and written by the Center on Philanthropy at Indiana University.

Major natural disasters in the U.S. and abroad between December 2004 and October 2005 generated at least \$7.37 billion in contributions (2.8 percent of total estimated giving) in 2005. Of the disaster giving, individuals contributed an estimated \$5.83 billion, or 79 percent of the estimated total in disaster relief contributions for 2005. Corporations gave an estimated \$1.38 billion, or 19 percent of the estimated total of disaster relief gifts. The balance of disaster relief giving, an estimated \$160 million (\$0.16 billion) based on records from the Foundation Center, was paid by foundations in 2005, for 2 percent of the estimated amount for disaster relief.

“Disaster relief certainly played a role in 2005,” said Richard T. Jolly, chair of the Giving USA Foundation. **“Relief contributions are estimated to be roughly 3 percent of the total. An additional \$253 billion in gifts supported more than 1.4 million charities including religious congregations, schools, clinics, arts groups, food banks, and more.”**

Giving USA reports giving from four sources of contributions—individual (living) donors; bequests by deceased individuals; foundations; and corporations.

Individual giving is always the largest single source of donations. It rose by 6.4 percent. (2.9 percent adjusted for inflation) to an estimated \$199.07 billion. It accounts for 76.5 percent of all estimated giving in 2005.

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One measure of charitable giving is as a percentage of income. Using the household as the economic level at which giving decisions are made, average charitable giving per household in 2005 is estimated to be 2.2 percent of average household disposable (after-tax) income, exactly at the 40-year average of 2.2 percent.

Charitable bequests are estimated to have fallen 5.5 percent in 2005, largely due to a steep decline in the number of deaths in 2004 and an expectation that the number of deaths for 2005 remained low. Estimated charitable bequests of \$17.44 billion are 6.7 percent of total estimated charitable giving for 2005.

Foundation grantmaking, which is reported by the Foundation Center, rose 5.6 percent (2.1 percent adjusted for inflation) to \$30 billion. The Foundation Center, which reported this information in April 2006, said the increase was because of growth in the number of foundations and because the stock market rose in 2004 and held steady in 2005. Foundation giving is 11.5 percent of total estimated charitable giving in 2005.

Corporate donations grew by an unprecedented 22.5 percent (18.5 percent adjusted for inflation), to reach an estimated \$13.77 billion. At 5.3 percent of the total estimate for charitable gifts, corporations account for a slightly larger slice of the pie than the average of 5 percent given by corporations in the past 40 years.

“The high level of corporate giving is explained in part by two years of very strong growth in gross domestic product and by growth in corporate profits before taxes. It also shows companies’ exceptional response to disasters worldwide in 2005,” says George C. Ruotolo, Jr., CFRE, chair of the Giving Institute: Leading Consultants to Non-Profits, which is the parent organization of Giving USA Foundation.

In addition to estimating giving by source of contribution, *Giving USA* surveys charitable organizations to find out how charitable gift receipts changed from one year to the next. The results for 2005 show a strong rate of growth in general, although some subsectors fared less well than others.

“Giving USA found that 59 percent of organizations reported an increase in charitable receipts in 2005. This is even before adding contributions for disaster relief,” said Eugene R. Tempel, executive director of the Center on Philanthropy at Indiana University, which researches and writes *Giving USA*. **“The year 2005 saw the highest percentage of charitable organizations reporting growth since 2000 and the lowest percentage of charities reporting a drop in giving.”**

Even with overall growth in charitable giving, some subsectors grew more than others. The subsectors for arts, culture and humanities and for health saw inflation-adjusted giving decline in

2005. Both are subsectors that historically experience variations in giving with changes in economic conditions, the number of capital campaigns underway and with other causes. Arts giving, in particular, has shown dramatic swings, often connected with major donations or estate gifts. Giving for health care has shown inflation-adjusted declines or slow rates of growth since 2000, with the exception of 2003.

Giving grew by more than 10 percent in the subsectors for human services, environment and animals, and international affairs. Human services charities reported an astounding 15 percent increase (11.3 percent adjusted for inflation) in charitable receipts before adding donations for disaster relief. This reverses a prior three-year decline in gifts to this subsector when inflation was taken into account. With disaster relief giving added, giving to human services rose by more than 32 percent, to \$25.36 billion.

Environmental organizations and groups working for animal welfare saw giving rise 16.4 percent (12.6 percent adjusted for inflation). Growth in charitable receipts was reported by environment and animals organizations of all sizes, before adding any disaster-related gifts. With disaster relief giving included, this subsector reached \$8.86 billion in contributions received.

In international affairs, there appears to have been some “crowding out,” so that organizations not directly engaged in disaster relief work saw their contributions fall. The net effect without disaster giving was a drop of 1.9 percent for international affairs organizations (-5.1 percent adjusted for inflation). With disaster relief giving included, this subsector reported growth of 19.4 percent (15.6 percent adjusted for inflation) and gifts of \$6.39 billion.

Summary of *Giving USA* methods

Giving USA's annual estimates are based on original surveys of organizations and econometric studies using tax data, government estimates for economic indicators, and information from other research institutions. Sources of data used in the estimates include the Internal Revenue Service, U.S. Department of the Treasury, Bureau of Economic Analysis, Foundation Center, INDEPENDENT SECTOR, Council for Aid to Education, National Center for Charitable Statistics at the Urban Institute and National Council of Churches of Christ.

Giving USA estimates the percentage of change in giving to subsectors (health, arts, education, religion, etc.). Except for giving to religion and giving to foundations, these estimates are developed by the Center on Philanthropy at Indiana University based on a survey conducted by Walker Information Group. Rates of change for 2005 are based on responses from 803 organizations.

With disaster giving included, *Giving USA* found total growth of 5.7 percent when estimating the dollar amount of gifts received at organizations. When estimating giving by adding together the results of the four sources of contributions, *Giving USA* found a growth in giving of 6.1 percent.

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The estimates for the sources of giving are developed separately from the estimate of the receipts by type of recipient. The fact that the two entirely different methods come within 0.5 percentage points is one measure used by the *Giving USA* Advisory Council to evaluate the results prior to their release.

A Note about Inflation Adjustments

Inflation-adjusted rates of change are based on estimates that are calculated using a Bureau of Labor Statistics (BLS) inflation converter, which rounds to two decimal points. When comparing the inflation-adjusted rates of change to rates of change in current dollars, the difference between the two is not a constant 3.5 percentage points (the rate of inflation used in the BLS converter for 2005). This is a by-product of the rounding and is not due to the use of a different measure of inflation or an error in calculation.

NOTES TO EDITORS

Data for 1965 through 2005 are available upon request. The data show sources of contributions by year in current and inflation-adjusted dollars and allocation of gifts by type of recipient organization, also in current and inflation-adjusted dollars. Data also are available showing total giving as a percentage of gross domestic product; individual giving as a percentage of personal income and as a percentage of disposable personal income; and corporate giving as a percentage of corporate pre-tax profits.

Giving Institute: Leading Consultants to Non-Profits is the new name for the organization formed in 1935 as the American Association of Fund Raising Counsel. The Giving USA Foundation™ is the new name of the organization formed in 1985 as the AAFRC Trust for Philanthropy.

The preferred citation for *Giving USA* is: *Giving USA*, a publication of Giving USA Foundation™, researched and written by the Center on Philanthropy at Indiana University.

For scholarly citations, the preferred form is the American Psychological Association style as follows: *Giving USA*. (2006).

Giving USA is a public outreach initiative of the Giving USA Foundation™. The Foundation, established by the Giving Institute, endeavors to advance research and education in philanthropy.

The complete *Giving USA 2006* report, with data covering giving in 2005, will be available in late June 2006. *Giving USA* Foundation also publishes a quarterly newsletter, *Giving USA Quarterly*. Both may be ordered by calling 847/375-4709 or by downloading an order form from <http://www.givingusa.org>. *Giving USA 2006* (with data for 2005) is \$70. *Giving USA Presentation on CD* is \$130. *Giving USA* book and subscription to the *Quarterly* is \$130. *Giving USA* book, subscription to the *Quarterly*, and *Presentation on CD* is \$200. Single issues of *Giving USA Quarterly* are \$40. Costs do not include shipping and handling. Prepaid orders only.