

Trends in charitable giving in Canada, 2000-2018

Introduction

Why is a Research Note on trends in charitable giving found on a website devoted mainly to the economics of the mass media?

One reason is that the data base used in the media research also contains links to useful information about charitable giving. Communications Management Inc. has developed an extensive data base related to the media and consumers, aimed primarily at the analysis of media markets. However, the same data base has a number of other applications, including household equipment, financial services – and charitable giving.

Another reason is that an important mass medium – newspapers – can be considered to share some interesting characteristics with charities:

1. The majority of daily print newspaper readers, and the majority of charitable donors, are over 55 years of age.
2. Historically, newspapers have been an important contributor to the concept of shared experience in our society, an “accidental commons” through which citizens were connected. Charities, and the organizations they support – arts, culture, health, religion, aid to those in need, to name only some – also contribute to our sense of shared experience.
3. And, in the programs to assist journalism announced in the March 2019 Government of Canada Budget, two of them can be viewed as linked, at least in part, to policies related to charities:
 - a) the tax credit for digital subscriptions; and
 - b) the proposal to grant charitable status to qualifying journalism organizations.

As charities seek to communicate with donors, potential donors, and citizens generally, they are adopting new forms of communications; in so doing, they are increasingly taking on some of the characteristics of media.

As newspapers are faced with disruption in their legacy business models, they are looking at models that might involve endowments or some form of charitable status; in doing so, they will be taking on some of the characteristics of charities.

But, as has been the case with print newspapers and their subscribers/advertisers, charities face significant future challenges in maintaining their levels of individual donors.

After discussions with a number of fundraising professionals, this Research Note has been prepared to help analyze some important trends in charitable giving in Canada.

The importance of individual charitable donations

Individual charitable donations are not the only source of revenue for the organizations that receive them. There are also government grants, corporate donations, earned income, lotteries, etc. But individual donations are important because of a) their aggregate size – just under \$10 billion in 2018 – and b) the opportunity they provide for the organizations to communicate with, and get feedback from, their donors.

One might also note that the process of communications in fund-raising has a broader role than just asking for, and thanking for, donations. The communications that reach our mailboxes and inboxes, on social media, or that appear in broadcast or print, are also part of the outreach by non-profit organizations that helps to validate the funding they receive from sources other than individual donations.

Sources and methodology

The income and donor data used in this Research Note come from Statistics Canada, and are the aggregate totals for individual donations, as claimed annually on individual income tax returns. That means that contributions from corporations are not included. However, the data for individuals do provide a useful benchmark for campaigns that are aimed at large groups of individuals in the hope that they might be persuaded to support/contribute to a particular cause. (Note: 2018 is the latest year for which data are available.)

Data on media use by age groups come from Statistics Canada's General Social Survey.

Key findings

- In 2018, the number of charitable donors in Canada was lower than it was in 2000, in absolute terms and as a percentage of the number of tax filers.
- While the total amount donated to charities increased between 2000 and 2018, it did not increase as much as total income.
- The degree to which the amount donated to charity by individuals is concentrated in older age groups (55+) increased from just under half in 2000 to almost two-thirds in 2018.

Given those findings, two challenges become apparent:

1. First, the need to encourage more people to become donors; and
2. Second, the reality that competition for the dollars of those still donating might become more intense, particularly with the addition of new entrants.

Income and donations

In Figures 1 and 2, we have summarized the trends for total tax filer income, and for total charitable donations by individuals.

Figure 1. Total tax filer income, Canada, 2000-2018:

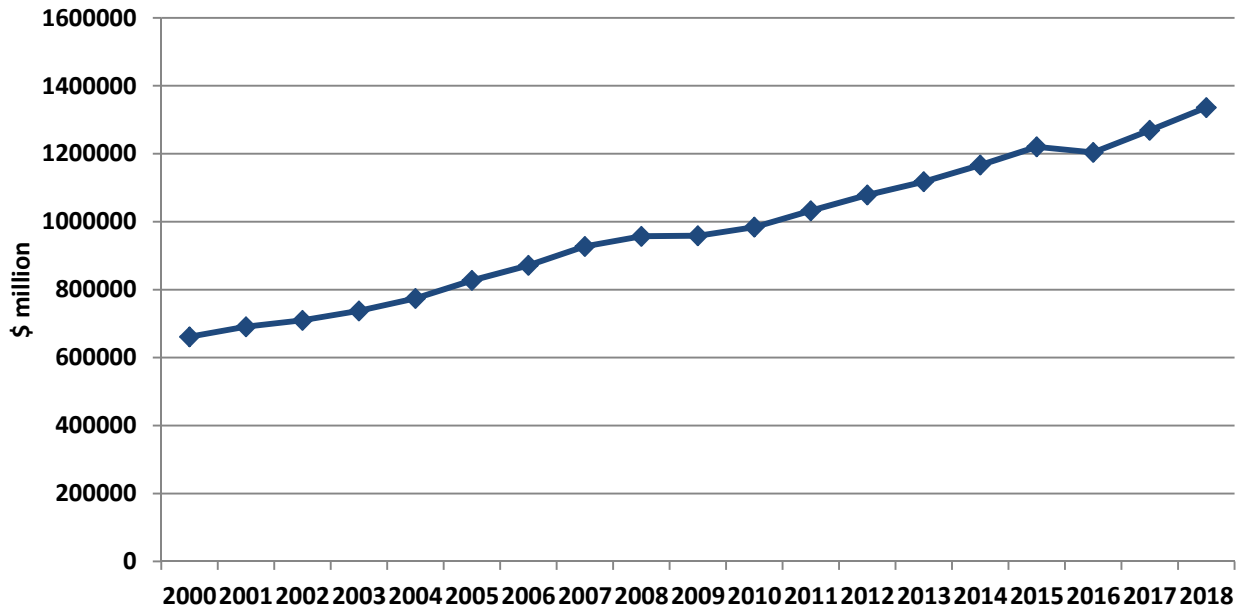


Figure 2. Total amount donated to charity by individuals, Canada, 2000-2018:

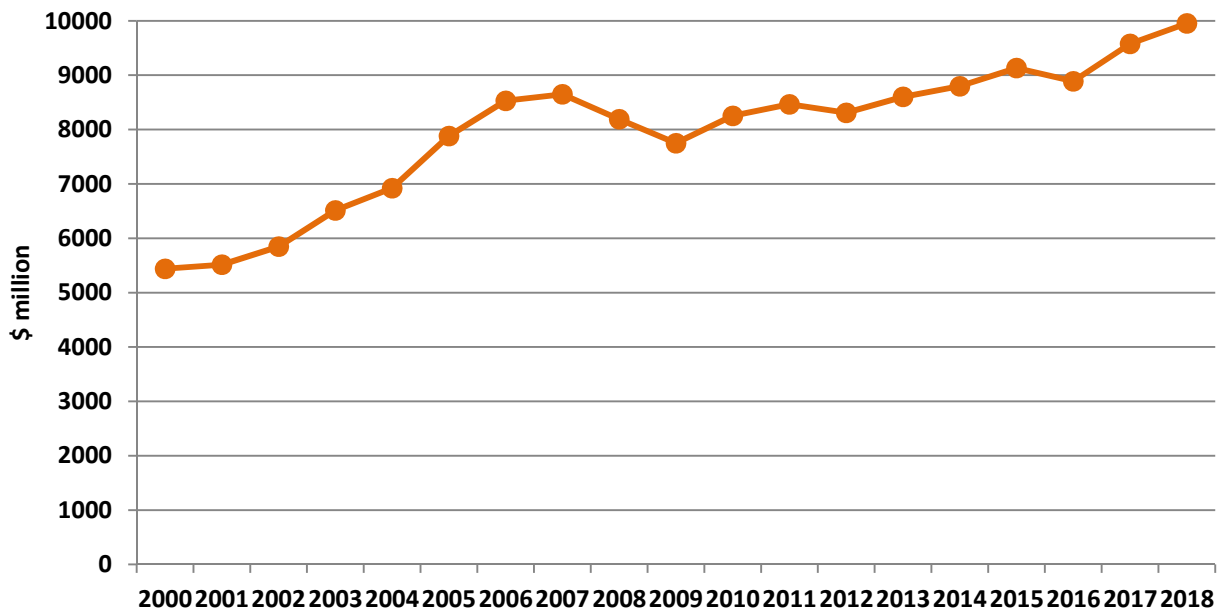


Figure 3 compares income and donation amounts on an “Index” basis, using the values in 2000 as “100” in each case. As indicated in Figure 3, the amount given to charity was growing faster than total income until about 2008, but then fell behind after 2011.

Figure 4 indicates the dollar value of donations as a percentage of total income.

Figure 3. Total tax filer income, and total amount donated to charity by individuals, Canada, 2000-2018, Index basis (2000=100):

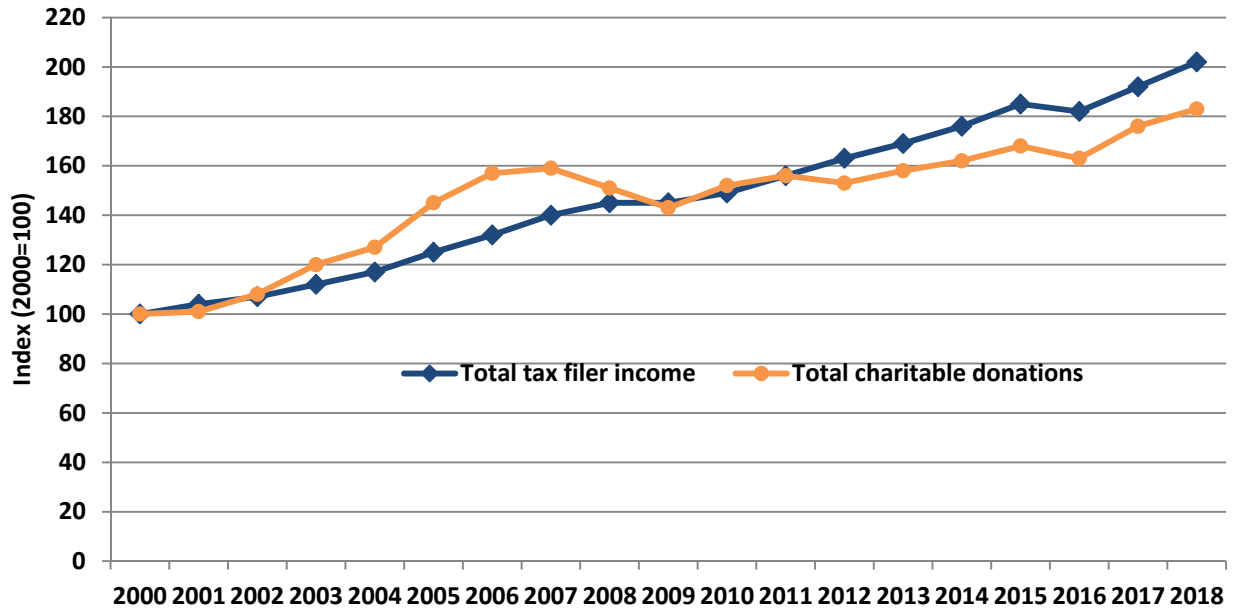
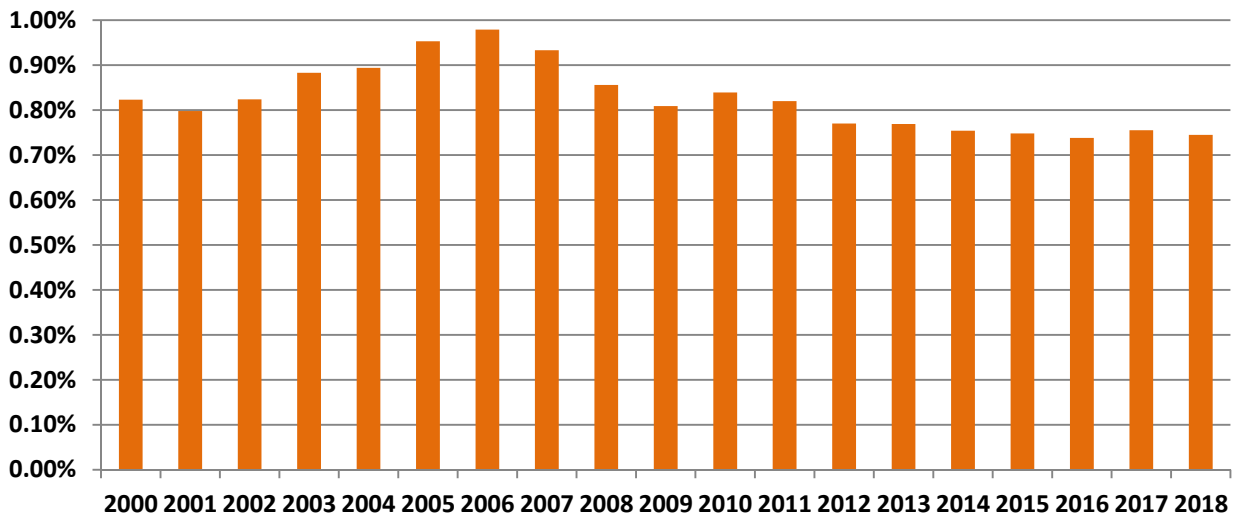


Figure 4. Individual charitable donations as a percentage of tax filer income, Canada, 2000-2018:



Numbers of donors

Figure 5 summarizes the trends for the total number of tax filers, and for the total number making charitable donations.

Figure 6 shows the percentage of tax filers that were charitable donors in each of the years. As indicated in Figure 6, the number of charitable donors fell from just over one-quarter of tax filers in 2000 to less than one-fifth of tax filers in 2018.

Figure 5. Number of tax filers, and number of individual charitable donors, Canada, 2000-2018:

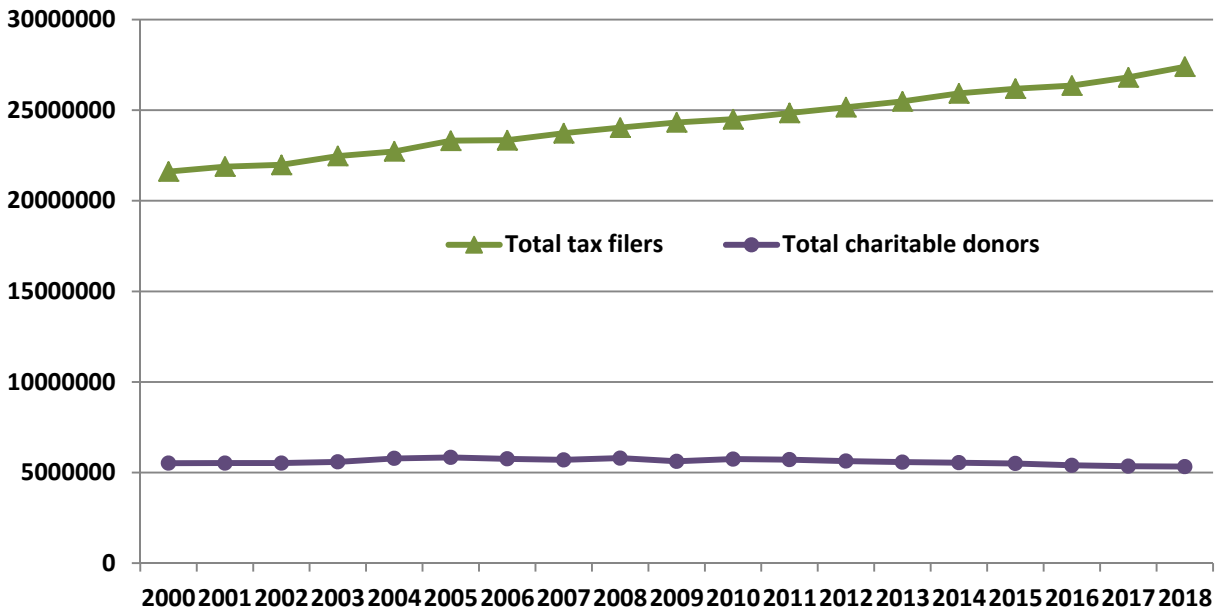
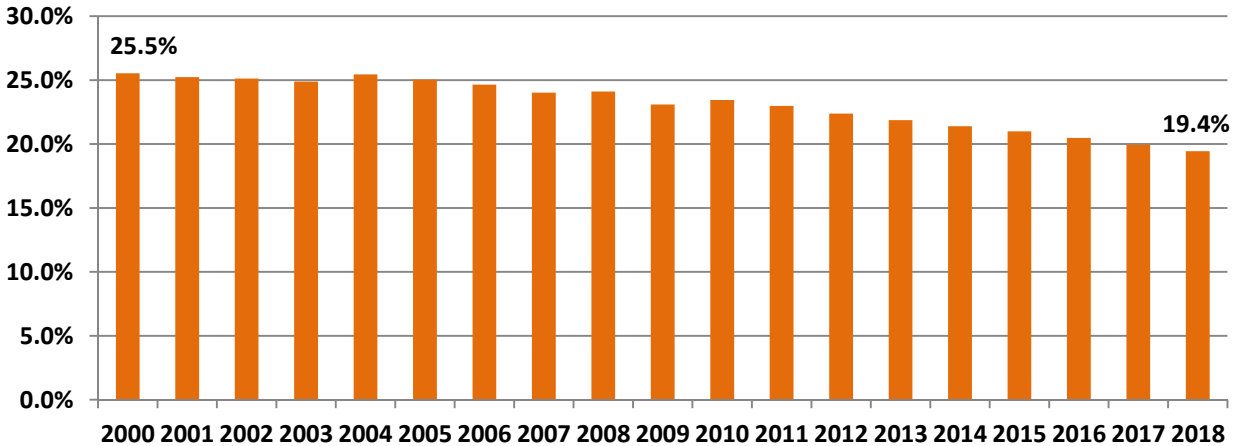


Figure 6. Individual charitable donors as a percentage of total tax filers, Canada, 2000-2018:



Donors, by age groups

Figure 7 compares the percentages of tax filers who were charitable donors, by age groups, for 2000 and 2018. Figure 8 summarizes the number of donors in each age group, in 2000 and 2018.

Even though Figure 7 indicates that the percentage of tax filers who were donors was lower in 2018 than it was in 2000, there was still absolute growth in the number of donors in the two oldest age groups, which included most of the “baby boom” generation. (If the baby boomers were born between 1946 and 1964, they were 54-72 in 2018.)

Figure 7. Charitable donors as a percentage of tax filers, by age group, Canada, 2000 and 2018:

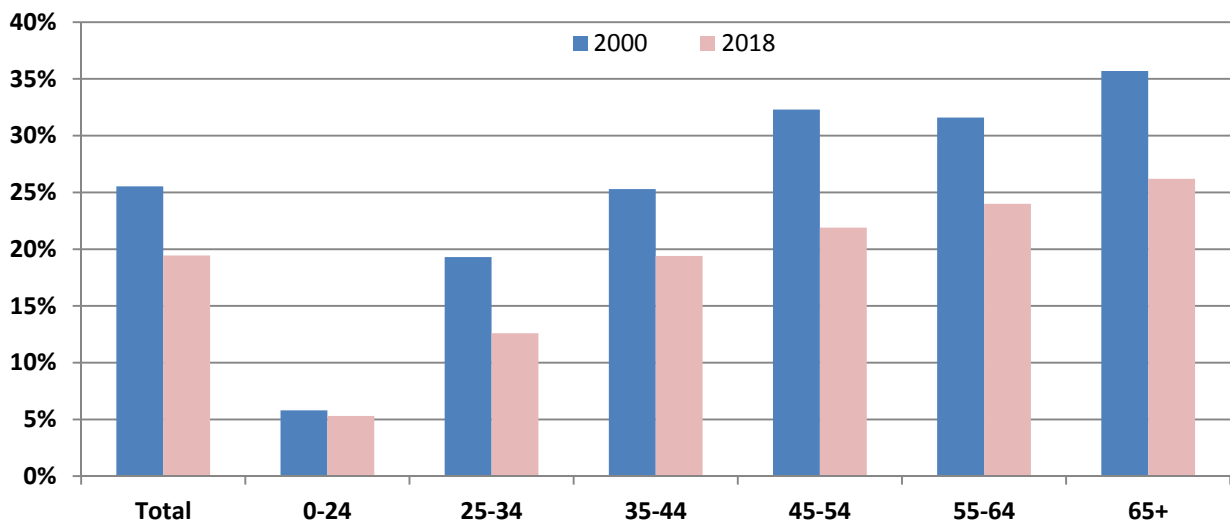


Figure 8. Number of charitable donors, by age group, Canada, 2000 and 2018:

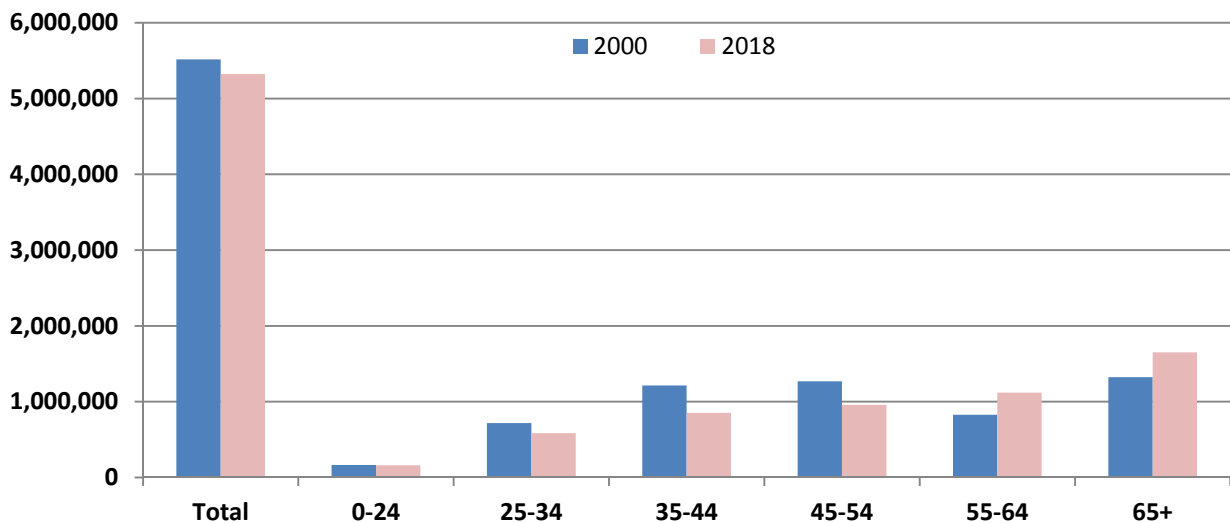


Figure 9 summarizes the average contribution per charitable donor, by age group, and indicates a pattern of donations that rise with age, as well as higher absolute levels in 2018 than in 2000.

Figure 10 summarizes the total donations, by age group, in 2000 and 2018.

Figure 9. Average contribution per charitable donor, by age group, Canada, 2000 and 2018:

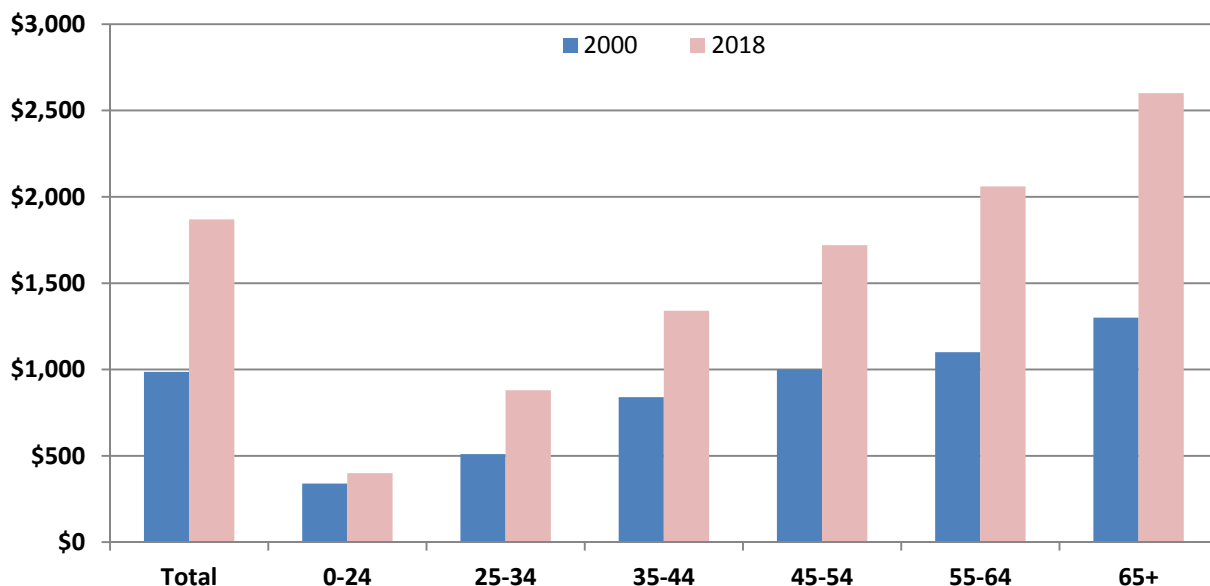


Figure 10. Total donations, by age group, Canada, 2000 and 2018:

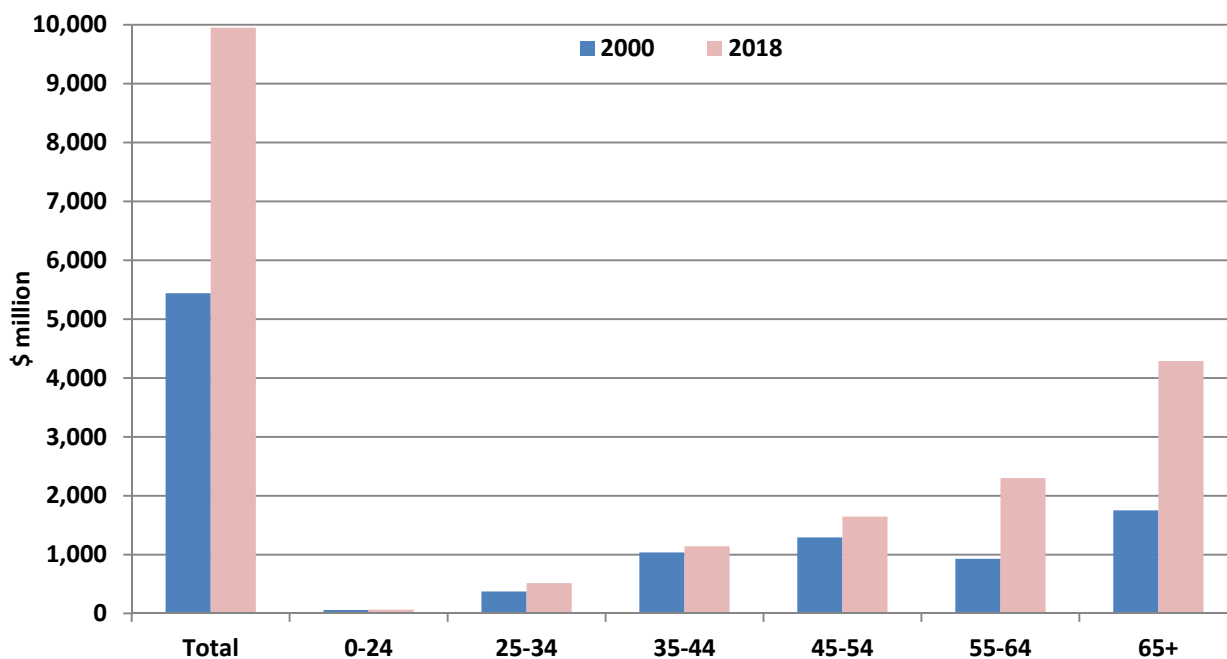
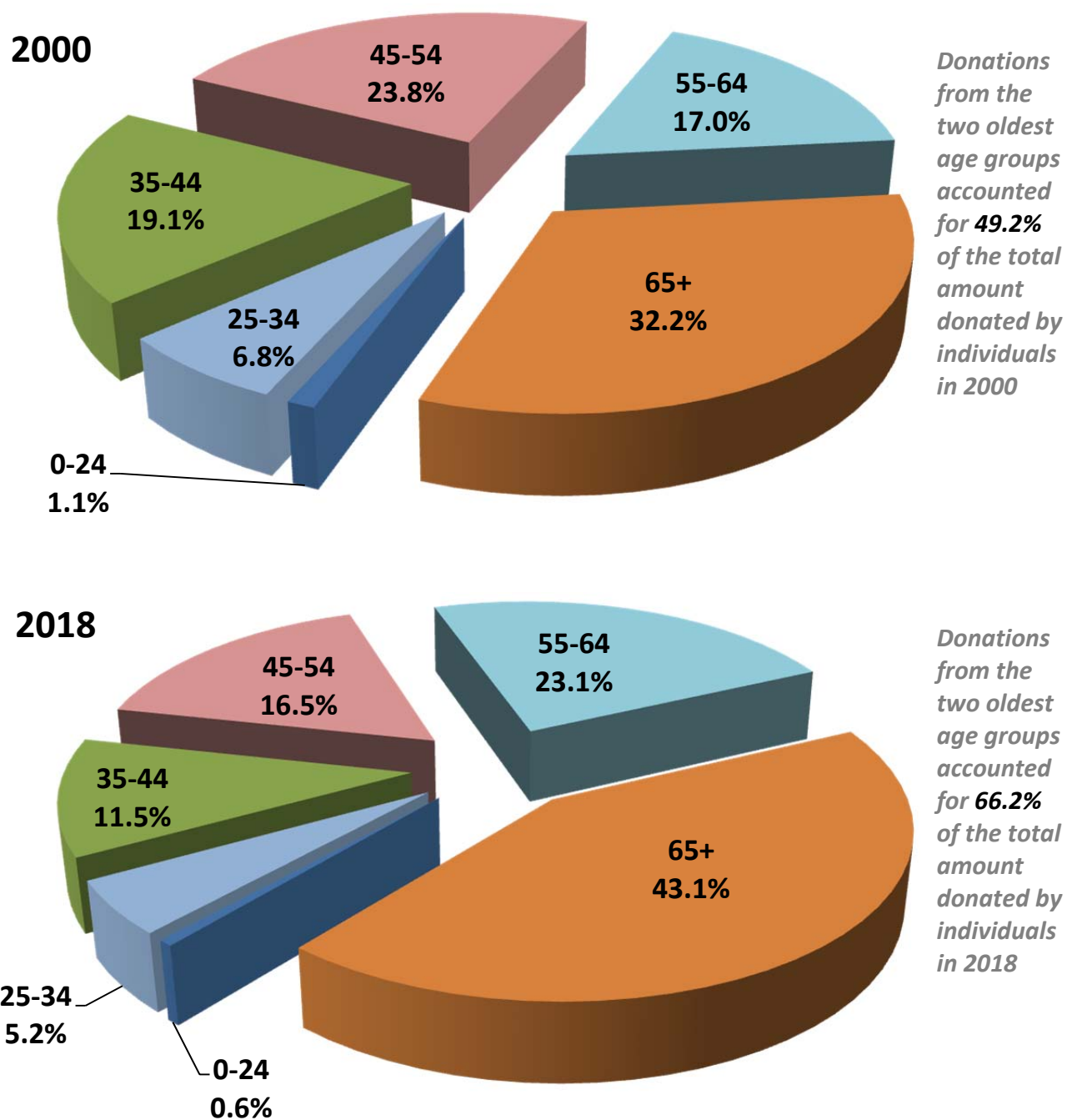


Figure 11 compares the share of total donations, by age group, in 2000 and 2018, and illustrates the fact that the share accounted for by those 55-and-over has grown from just under 50 per cent in 2000 to almost two-thirds of the amount contributed in 2018.¹

Figure 11. Share of total amount donated by individuals, by age group, Canada, 2000 and 2018:



¹ Also see “Additional notes” – Note 1, on page 11.

Questions raised by the data

The data on charitable donations paint a picture of a declining number and percentage of contributors, and a concentration of larger average donations in the older part of the market.

And charities cannot simply assume that younger people will “grow into” the charitable giving patterns of their parents and grandparents.

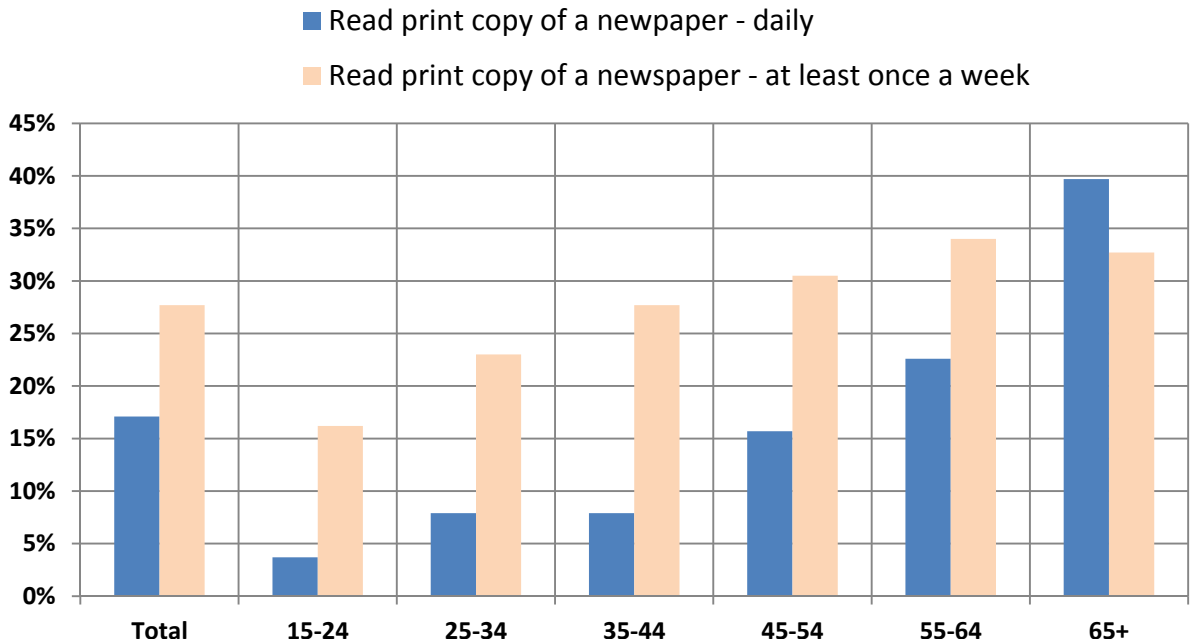
Indeed, the question of whether younger groups will mature into the patterns of older generations, or will maintain the patterns of their younger selves, is one which continues to be important for subjects that range from media use to consumer purchases to diets.

Thus, it may be necessary for charities (individually and/or collectively) to target more general messages about giving at younger groups, while still focusing on maintaining donations from those 55 and over.

In that context, we would note, not surprisingly, that the patterns of media use are also very different for those in the younger age groups.

In Figure 12, we have summarized the relationship between age groups and whether or not one reads a print copy of a newspaper. Note how the use of print increases with age.

Figure 12. Percentages of individuals, 15+, reporting reading a print copy of a newspaper, daily or at least once a week, Canada, 2016 – by age groups:



There are also clear age group linkages to media-related behaviour like “cord-cutting”, getting video entertainment and information from online services, and the use of smartphones to access information and entertainment.

Lessons from the data

The foregoing data suggest two important considerations for Canada’s charitable sector:

1. The need for a set of media strategies to reach the next generation of donors, strategies that might involve very different narratives and very different media choices; and
2. The need to pay more attention to benchmarking current and potential donor data to location-specific versions of the Canada-wide data summarized in this Research Note. (See “Benchmarking the data”, below.)

There may also be lessons here for newspapers, and other media as well, to the extent they may adopt some form of charitable status in the future.

Newspapers as charities?

Proposals for alternative media business models are not new – for more than a century, people have been proposing alternatives to the newspaper business model. Historically, those alternatives were usually proposed by those who wanted to reform and/or compete with the established newspapers.

Today, as the legacy newspaper business model is under pressure from technology and economics, the alternatives are more likely to be proposed for the purpose of maintaining and sustaining local journalism in our communities.

As far back as the 1880s, British journalist W.T. Stead was proposing an “endowed newspaper” – one that would have a philanthropic endowment that would insulate it, at least in part, from the pressures of the marketplace.

In Winnipeg, in the late 1940s, the co-operative and labour movements came together to start a competing daily newspaper as a consumer co-operative – the *Winnipeg Citizen*. But the paper was under-capitalized, and only published from March 1, 1948 to April 13, 1949.

On May 21, 2012, in the U.K., in testimony to the Leveson Inquiry into the Culture, Practice and Ethics of the Press, Labour Peer Lord Mandelson raised the interesting possibility that *The Guardian* could be regarded as a type of endowed newspaper, with this comment: “... is it adequate that *The Guardian* is now effectively a charity ...?”²

In the U.S., in October 2019, the Internal Revenue Service granted permission for *The Salt Lake Tribune* to transform into what is called a 501(c)(3) non-profit. As explained on the *Tribune’s* website:

Our Nonprofit Model

In a historic move, the IRS approved a new nonprofit Salt Lake Tribune in October 2019, making it the first legacy newspaper in the U.S. to transform from a for-profit company to a 501(c)(3) nonprofit.

² Witness Statement of Lord Mandelson to the Leveson Inquiry [accessed at levesoninquiry.org.uk on May 22, 2012].

Under this new business model, The Tribune will continue to offer subscriptions and accept traditional advertising (although it will pay taxes on that income). But now, the newspaper can also receive donations — large and small — from donors who may receive a tax deduction for their donation.³

And, as noted above, in Canada, the March 2019 federal Budget contained a proposal to enable qualifying journalism organizations to achieve charitable status.

Benchmarking the data

The data on charitable donations can be accessed for many different geographic areas in Canada. In Figures 13 and 14, we have provided a summary of the data for Canada, and, as an example of how data might be provided for a local area, a summary of the data for the Winnipeg Census Metropolitan Area (CMA).

In addition to CMAs, similar data are available for provinces, cities, towns, and postal code forward sortation areas (FSAs), and can help focus fundraising efforts in an increasingly-competitive environment.

Additional notes:

1. Comparing the distributions of tax filers, and total amounts contributed to charity, by age groups, in 2000 and 2018:

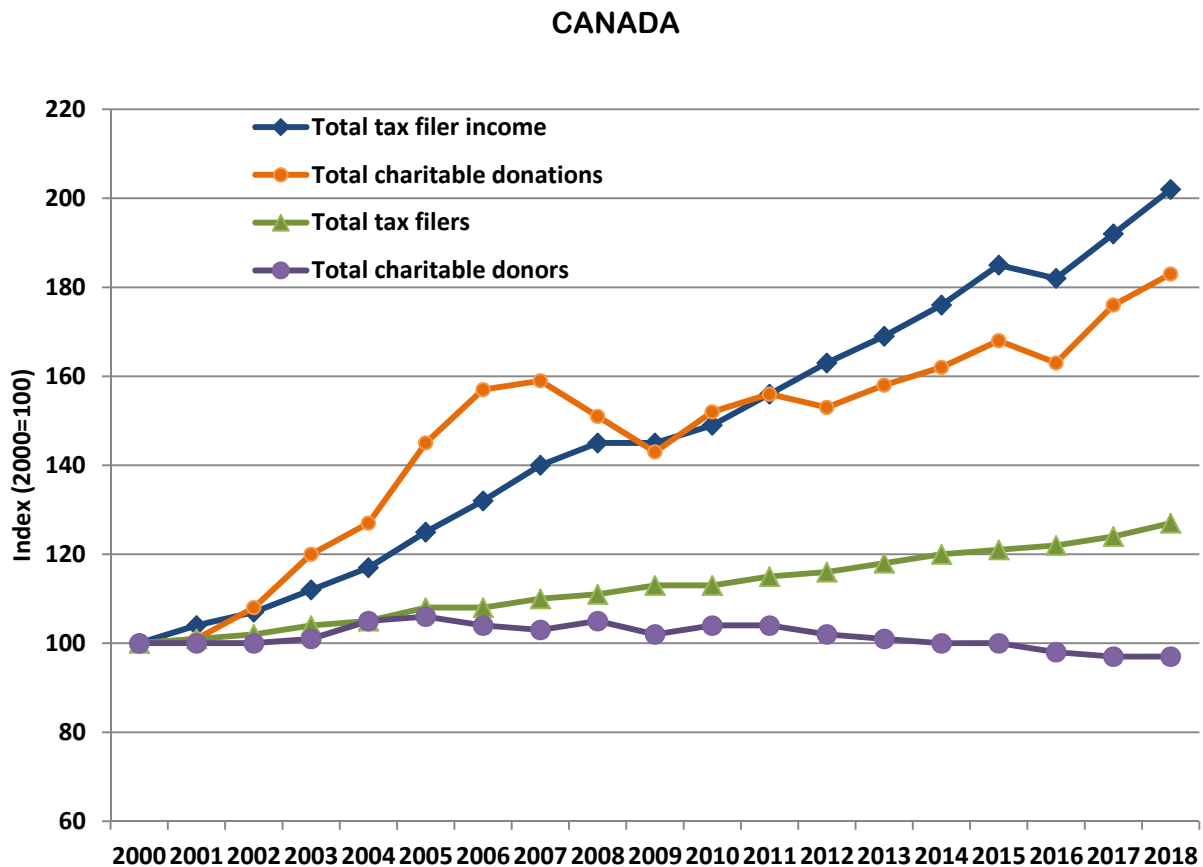
		0-24	25-34	35-44	45-54	55-64	65+
2000	Age group share of tax filers	13%	17%	22%	18%	12%	17%
	Age group share of total \$ donated	1%	7%	19%	24%	17%	32%
2018	Age group share of tax filers	11%	17%	16%	16%	17%	23%
	Age group share of total \$ donated	1%	5%	11%	17%	23%	43%

How to read the table: In 2000, 17 per cent of the tax filers were 65+, and they accounted for 32 per cent of the dollar amount of individual charitable donations; in 2018, 23 per cent of the tax filers were 65+, and they accounted for 43 per cent of the dollar amount of individual charitable donations.

2. A note about the “Index” concept: In Figures 13 and 14, actual data for the key indicators have been presented for 2000 and 2018. In addition, data for trends from 2000 to 2018 have been presented on an “Index” basis, in which the data for each indicator in 2000 has been assigned a value of 100, and then the values for each subsequent year have been related to the base year. This allows us to compare the trends for each indicator over time.

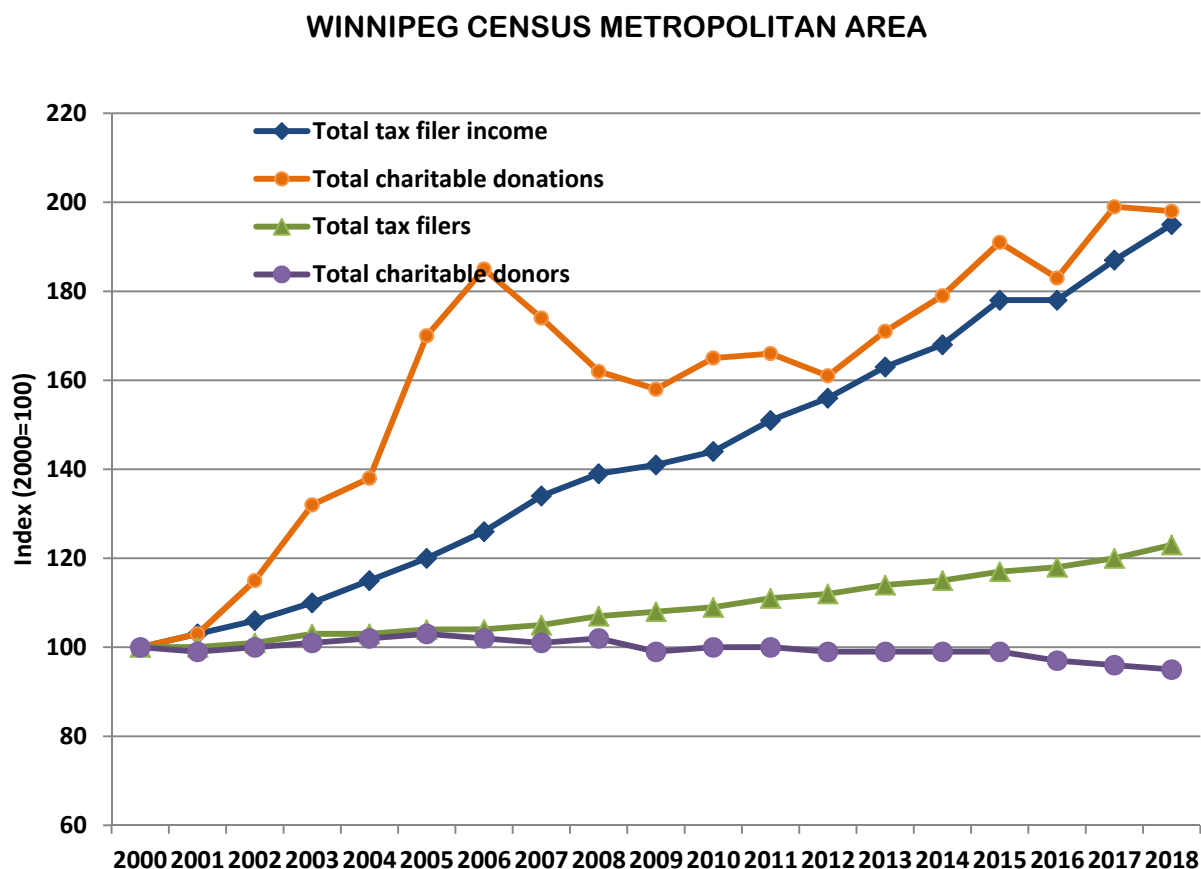
³ Accessed at: <https://www.sltrib.com/footer/2020/01/09/our-nonprofit-model/>.

Figure 13. Total tax filer income, total amount donated to charity by individuals, total number of tax filers, and total number who are charitable donors, 2000-2018, Index basis (2000=100):



CANADA	2000	2018
Number of tax filers	21,611,830	27,394,970
Number who are charitable donors	5,516,420	5,324,280
Donors as % of tax filers	25.5%	19.4%
Total tax filer income (\$'000)	\$661,197,525	\$1,335,941,780
Total charitable donations (\$'000)	\$5,438,672	\$9,952,505
Donations as % of income	0.82%	0.74%
Average donation (per donor)	\$986	\$1,869

Figure 14. Total tax filer income, total amount donated to charity by individuals, total number of tax filers, and total number who are charitable donors, 2000-2018, Index basis (2000=100):



WINNIPEG CMA	2000	2018
Number of tax filers	491,060	605,690
Number who are charitable donors	148,950	141,610
Donors as % of tax filers	30.3%	23.4%
Total tax filer income (\$'000)	\$14,459,625	\$28,235,975
Total charitable donations (\$'000)	\$149,324	\$295,685
Donations as % of income	1.03%	1.05%
Average donation (per donor)	\$1,003	\$2,088