



Charitable Giving

'TIS BETTER TO GIVE THAN TO RECEIVE: CHARITABLE GIVING IN HAMPTON ROADS

There has rarely been a better time to give – or to receive – than the present moment in U.S. history. American giving to charitable causes has risen steadily in recent decades, with a striking upsurge during the economic boom of the late 1990s. Americans responded generously to those hurt by the terrorist attacks of Sept. 11, 2001, as well as to the victims of the devastating natural disasters that befell Asia and the U.S. Gulf Coast in 2004-05. Initial concerns that these catastrophes would bring on a kind of “donor fatigue,” draining away funds from other worthy causes, appear to have been unfounded.

On average, philanthropy of all kinds (with the exception of that in the arts) enjoyed an increase in contributions between 2004 and 2005. Table 1 reports that overall charitable giving in the United States increased 21.63 percent between 2002 and 2005, while Table 2 reveals that charitable giving rose by 37.45 percent in Hampton Roads during the same time period. According to the philanthropy yearbook *Giving USA*, Americans gave away \$260.3 billion in 2005, an increase of 6.1 percent over the previous year (or 2.7 percent adjusted for inflation).

Estimates for 2006 and 2007 indicate that Americans’ propensity for giving continues apace. Leading the way are billionaires Warren Buffett and Bill Gates, who are giving away \$50 billion. Buffett and Gates made headlines with their philanthropic commitments, but their economic decisions reflect those made on a smaller scale every day by millions of other Americans. **The Center on Philanthropy at Indiana University estimates that tax filers with income below \$100,000 (which is to say, 91 percent of all tax filers) account for 57 percent of all individual charitable giving. Moreover, a recent Charities Aid Foundation (CAF) survey points to the United States as a world leader in giving, with donations equaling 1.67 percent of the gross domestic product (see Table 3). The CAF identifies the most significant factors influencing a country’s rate as high levels of religious commitment, significant tax incentives for charitable donations, low marginal tax rates and low social insurance contributions** (Europeans, for example, tend to depend upon government to fund ostensibly charitable endeavors). In any case, all four phenomena identified by the CAF are well established in American society.

As American generosity has grown, so too have the number and kinds of charitable causes that compete for our attention. In 2005, there were 1.05 million independent-sector organizations registered under section 501(c)(3) of the Internal Revenue Code, an increase of more than two-thirds since 1995. Most (but not all) religious congregations fall under this designation, as does the wide array of nonprofit groups eligible for tax-exempt status – including schools, homeless shelters, wildlife refuges, museums and symphony orchestras.

With so many dollars at stake, it clearly “pays” to understand how, why and to whom Americans are giving away their assets. How does Hampton Roads fit into the larger picture of American generosity? First, we’ll examine the charitable giving of Hampton Roads citizens. Second, we will look at the well-being of local charities that seek to improve the quality of life in our region.

TABLE 1
CHARITABLE GIVING IN THE UNITED STATES: 2002-2005
(IN BILLIONS OF \$)

	Education	Health	Human Services	Arts, Culture and Humanities	Environment and Animals	Gifts to Foundations	Total
2002	31.83	18.87	18.65	12.22	6.59	19.16	107.32
2003	32.11	20.89	18.89	13.11	7.11	21.62	113.73
2004	34.1	21.95	19.17	13.99	7.61	20.32	117.14
2005	38.56	22.54	25.36	13.51	8.86	21.7	130.53
Percent change between 2002-2005	21.14%	19.45%	35.98%	10.56%	34.45%	13.26%	21.63%

Source: Giving USA Foundation, "Giving USA 2006: The Annual Report on Philanthropy for the Year 2005"

TABLE 2
DIRECT CHARITABLE SUPPORT FOR BELLWEATHER ORGANIZATIONS IN HAMPTON ROADS: 2002-2005
(IN MILLIONS OF \$)

	Number of Organizations Studied	Education	Health	Human Services	Arts and Culture	Environment / Nature and Animal Welfare	Funding Organizations	Total
2002	52	24.24	11.29	14.58	21.89	3.23	38.75	113.98
2003	62	75.73	11.87	14.46	41.78	4.72	49.68	198.24
2004	67	28.11	11.06	15.86	20.01	7.8	46.32	129.16
2005	64	42.7	16.38	16.02	21.83	10.1	49.63	156.66
Percent change between 2002-2005		76.16%	45.08%	9.88%	-0.27%	212.69%	28.08%	37.45%

Source: The Norfolk Foundation, "Report Card on Charitable Giving in Hampton Roads 2006"

TABLE 3
NATIONAL GIVING LEVELS AS A PERCENTAGE OF GDP

USA	1.67%
UK	0.73%
Canada	0.72%
Australia	0.69%
South Africa	0.64%
Ireland	0.47%
Netherlands	0.45%
Singapore	0.29%
New Zealand	0.29%
Turkey	0.23%
Germany	0.22%

Source: "International Comparisons of Charitable Giving," CAF briefing paper (November 2006), at:
<http://www.cafonline.org/pdf/International%20%20Giving%20highlights.pdf>

Individual Giving in Hampton Roads

Each year since 2002, Business Week magazine has compiled a list of the “50 Most Generous Philanthropists.” Predictably, Warren Buffett and Bill and Melinda Gates rank first and second on the 2006 list. Position 37, however, belongs to two long-time and exceedingly generous residents of Hampton Roads, Frank and Jane Batten, who have pledged or given away more than \$250 million in the past five years. This sum includes record-setting gifts made in 2003 to Old Dominion University, Virginia Wesleyan College, The Norfolk Foundation, the Mariners’ Museum and other local institutions, along with the University of Virginia. Frank Batten Sr., the retired chairman of Landmark Communications Inc., has long been known as a munificent patron of educational and charitable causes. His example is reflected throughout Hampton Roads in some striking if less celebrated ways.

A 2003 study by The Chronicle of Philanthropy suggests that Hampton Roads residents are among the most generous in the country.¹ Drawing upon statistics from the Internal Revenue Service, the U.S. Census Bureau and the U.S.

Department of Labor, the Chronicle sought “to determine, on average, how much people in each of the nation’s more than 3,000 counties give to charity as a percentage of their discretionary income – defined as the amount of money left over after basic living expenses for such items as housing, taxes, food, transportation and clothing are paid.” By comparing the itemized returns of taxpayers earning \$50,000 or more annually, the Chronicle concluded that, on average, Americans give 6.4 percent of their discretionary income to charity. As Table 4 illustrates, Easterners tend to donate less (4.2 percent), while those from the South and West donate more (7 percent and 7.8 percent, respectively).

According to Chronicle statistics, residents of Hampton Roads typically give away 8.2 percent of their discretionary income (see Table 5). This is more than other comparable metropolitan areas in the South, although the average annual donation in Hampton Roads (\$3,191) is among the lowest of its Southern peers.

**TABLE 4
PERCENT OF DISCRETIONARY INCOME GIVEN TO CHARITY:
BY RACE, ETHNICITY AND REGION**

	Discretionary Income	Religious Giving as a Percentage of Discretionary Income	Other Giving as a Percentage of Discretionary Income	All giving as a percentage of discretionary income
All	\$9,103	5.00%	1.40%	6.40%
White	\$10,171	4.80%	1.60%	6.40%
Black	\$5,652	7.70%	0.90%	8.60%
Hispanic	\$4,370	4.90%	0.80%	5.70%
Asian	\$11,148	3.10%	0.80%	3.90%
	Discretionary Income	Religious Giving as a Percentage of Discretionary Income	Other Giving as a Percentage of Discretionary Income	All Giving as a Percentage of Discretionary Income
All	\$9,103	5.00%	1.40%	6.40%
East	\$10,622	2.70%	1.50%	4.20%
Midwest	\$9,189	5.00%	1.40%	6.40%
South	\$9,333	5.90%	1.10%	7.00%
West	\$7,385	5.70%	2.00%	7.80%

Source: Generosity in Philanthropy: A County by County Survey by The Chronicle of Philanthropy (May 2003)

Table 6 reveals that within Hampton Roads, residents of Hampton give the largest portions of their discretionary income to charity (10.4 percent), while those living in Norfolk make the largest average annual donations (\$5,053). The Chronicle identified Newport News as one of the 50 most generous cities/counties with 10,000 or more tax returns. Surry County received the same distinction for counties with fewer than 1,000 returns.

¹Several prominent organizations have recently sponsored geographical studies of charitable giving in the United States, with differing methodologies and results. Over the past 10 years, Virginia has consistently ranked between 30th and 40th place on the annual Generosity Index compiled by the Catalogue for Philanthropy. By contrast, the New Tithing Group and Boston College’s Center on Wealth and Philanthropy rank Virginia 25th and 14th, respectively, in charitable giving. The State of the Region report focuses on data from The Chronicle of Philanthropy, since its study is the only one to examine rates of giving on a county-by-county basis.

**TABLE 5
INDIVIDUAL GIVING IN SOUTHERN METRO AREAS**

Region	Itemized Returns	Average Discretionary Income	Average Charitable Donation	Discretionary Income to Charity	Race/Ethnicity				2004 Presidential Election		
					White	Black	Asian	Hispanic	Bush	Kerry	"Color"
Hampton Roads	126,722	\$38,722	\$3,191	8.20%	76.40%	18.10%	2.40%	1.70%	53.37%	46.63%	RED
Charlotte	182,524	\$47,503	\$3,754	7.90%	83.60%	11.80%	1.50%	2.30%	59.67%	40.33%	RED
Raleigh-Durham	149,067	\$48,872	\$3,446	7.10%	80.50%	13.40%	2.60%	2.50%	49.44%	50.56%	BLUE
Jacksonville	73,710	\$62,565	\$4,284	6.90%	82.70%	11.50%	2.10%	2.50%	62.57%	37.43%	RED
Charleston	38,007	\$48,737	\$3,331	6.80%	81.90%	14.50%	1.20%	1.50%	56.63%	43.37%	RED
Richmond	90,903	\$52,121	\$3,502	6.70%	79.50%	16.00%	2.00%	1.40%	54.69%	45.31%	RED
Northern Virginia	291,464	\$46,056	\$3,025	6.60%	77.30%	7.80%	7.10%	5.70%	46.40%	53.66%	BLUE

Sources: Generosity in America: A County by County Survey, The Chronicle of Philanthropy (May 1, 2003), at: <http://www.philanthropy.com/stats/> and 2004 Election Returns, USA Today, at: <http://www.usatoday.com/news/politicselections/vote2004/countymp.htm>

**TABLE 6
CHARITABLE GIVING IN HAMPTON ROADS: CITIES AND COUNTIES**

City or County	State	Itemized Returns	Average Discretionary Income	Average Charitable Donation	Discretionary Income to Charity	Race/Ethnicity				Charities per 1,000 People
						White	Black	Asian	Hispanic	
Surry County	Va.	347	\$35,239	\$4,841	13.70%	59.10%	39.30%	0.00%	0.00%	2.6
Hampton	Va.	9,086	\$27,322	\$2,845	10.40%	60.80%	34.80%	1.30%	1.40%	1.7
Portsmouth	Va.	4,959	\$28,945	\$2,847	9.80%	61.30%	35.70%	0.80%	1.10%	1.7
Norfolk	Va.	9,889	\$51,830	\$5,053	9.70%	69.20%	24.60%	2.80%	1.80%	2.5
Newport News	Va.	11,483	\$32,103	\$2,867	8.90%	69.30%	25.10%	1.90%	2.00%	1.8
Chesapeake	Va.	20,709	\$28,543	\$2,409	8.40%	75.60%	19.70%	2.00%	1.20%	1.3
Virginia Beach	Va.	39,716	\$45,193	\$3,709	8.20%	79.70%	12.50%	3.90%	2.50%	1.5
HAMPTON ROADS	Va.	96,189	\$38,722	\$3,191	8.20%	76.40%	18.10%	2.40%	1.70%	
Mathews County	Va.	656	\$47,511	\$3,762	7.90%	93.60%	4.20%	0.00%	0.60%	3.3
Williamsburg	Va.	158	\$63,351	\$4,646	7.30%	87.40%	6.90%	3.50%	2.80%	9.3
Suffolk	Va.	4,880	\$37,210	\$2,678	7.20%	69.90%	27.30%	1.40%	1.10%	1.8
Poquoson	Va.	1,728	\$33,148	\$2,358	7.10%	94.60%	0.30%	1.80%	1.50%	1.7
Gloucester County	Va.	2,741	\$31,056	\$2,146	6.90%	90.10%	7.00%	0.80%	1.10%	2.0
Isle of Wight County	Va.	2,752	\$35,328	\$2,428	6.90%	82.20%	15.40%	0.30%	1.00%	1.7
Southampton County	Va.	648	\$37,604	\$2,590	6.90%	76.20%	23.30%	0.00%	0.10%	1.1
York County	Va.	6,327	\$36,664	\$2,484	6.80%	87.30%	7.20%	2.40%	1.50%	1.3
James City County	Va.	8,461	\$51,415	\$3,230	6.30%	89.20%	7.80%	1.30%	0.90%	2.9
Currituck County	N.C.	1,144	\$29,543	\$1,806	6.10%	93.00%	4.60%	0.70%	0.70%	1.2
Franklin	Va.	1,038	\$46,431	\$2,776	6.00%	76.70%	23.00%	0.00%	0.30%	4.8

Source: Generosity in America: A County by County Survey, The Chronicle of Philanthropy (May 1, 2003), at: <http://www.philanthropy.com/stats/>

Factors Determining Regional Charitable Giving

Let's examine some of the most important factors contributing to the generosity of Hampton Roads residents.

RACE

One of The Chronicle of Philanthropy's most intriguing findings concerns the strong level of charitable giving among African Americans: "In counties and cities with above-average numbers of blacks who make \$50,000 or more, giving rates tend to be higher than in those dominated by whites of similar income levels." Tables 5 and 6 clearly demonstrate this propensity. Indeed, the Chronicle determined that four of the six most generous counties in the United States have a larger than average African American community (Prince George's in Maryland, and the Bronx, Brooklyn and Queens boroughs in New York City). This pattern holds true in Hampton Roads; its three most generous communities (Surry County, Hampton and Portsmouth) are simultaneously those with the highest proportion of African Americans who earn \$50,000 or more. The Chronicle identifies religion as the most important motivation for African American giving, and further estimates that "\$9 out of every \$10 donated by blacks goes to churches or other religious institutions. By comparison, whites give about 75 percent of their charitable donations to religious groups."

RELIGION

The church plays a strong role in African American giving, but it is also the chief recipient of charitable gifts made by members of other racial and ethnic groups. The Chronicle estimates that "more than \$3 of every \$4 donated to charity is given to houses of worship or other religious causes." Indeed, a region's religious profile can be a decisive factor in its level of charitable giving. Fourteen of the nation's 20 most generous counties are from regions in Utah and Idaho where the Mormon Church, which emphasizes tithing, is particularly strong. Likewise, the strength of Southern Baptists and other evangelical Protestant denominations in Hampton Roads and other parts of the American South contributes to these regions' comparatively high generosity rankings.

A recent Independent Sector study on giving and volunteering concludes that "weekly attendance at religious services is by far the strongest factor affecting how much households in the South give." But churchgoers' generosity is not limited to religious causes. In his own analysis of American charitable behavior, Syracuse University economist Arthur C. Brooks asserts that "religious people are, inarguably, more charitable in every measurable way" ("Who Really Cares: The Surprising Truth About Compassionate Conservatism," Basic Books, 2006). This includes financial gifts to secular organizations like the United Way, as well as volunteer hours, informal acts of charity and even the donation of blood.

LIVING PATTERNS

With the significant exception of Surry County, Hampton Roads' most generous communities lie in the region's densely populated core – Hampton, Portsmouth, Newport News, Norfolk, Chesapeake and Virginia Beach. Surrounding counties and smaller towns have rates of giving that are lower than the regional average – a distinction between core and periphery that is not unique to Hampton Roads. The Chronicle noted that six of the nation's most generous cities demonstrated significantly lower rates of generosity when their surrounding metropolitan areas were also taken into consideration. What might explain this disparity? Citing the comments of an official from the United Way of Greater St. Louis, the Chronicle suggests that densely populated areas may attract "an involved, active, creative class" of people who are "committed to urban life and to their community ... they fit the profile of people who give generously as a portion of their incomes."

Scholars from Boston College's Center on Wealth and Philanthropy offer another possibility. In a 2006 report titled "Charitable Giving Indices: Social Indicators of Philanthropy by State," the center notes that generosity can be a function of supply and demand: "Non-profit organizations create the demand for donations and at the same time offer potential donors opportunities for giving. ... Just the density of non-profit organizations in the local geographic area has a large influence on the annual amounts given each year. Giving in large metropolitan areas is considerably higher, on average, than giving in small towns and rural areas." In other words, residents of urban areas may appear to be more magnanimous than their suburban and rural counterparts, simply because they have more immediate opportunities to give.

Institutions of higher education with strong alumni bases and public roles in their communities are particular magnets for charitable giving. Hampton Roads' most generous communities have the populations to support a university or community college campus, as well as to attract large businesses that match the charitable donations of their employees (in addition to engaging in their own corporate giving). As reported by The Virginian-Pilot in December 2006, at least 14 of Hampton Roads' 46 largest employers maintain some kind of matching gift program.

POLITICS

In his book "Who Really Cares," Brooks sheds additional light on the charitable giving of Hampton Roads citizens. He asserts that political conservatives are, on average, far more generous than their liberal counterparts. He attributes this distinction not to party politics per se, but to "four forces in modern American life [that] are primarily responsible for making people charitable" – religion, skepticism about the role of government in economic life, strong families and personal entrepreneurship. Brooks argues these forces figure prominently within the worldview of the political right and therefore political conservatives give greater proportions of their incomes to charities. "Liberal," then, is not synonymous with liberal charitable giving, however stereotypes might suggest otherwise.

As a behavioral economist, Brooks is most interested in Americans' attitudes toward giving. His book draws upon survey data that are quite different from the tax statistics utilized by The Chronicle of Philanthropy, yet the results of the two studies are often mutually reinforcing, particularly in their emphasis on regional differences in American giving. According to Brooks, the much-discussed cultural and political polarization of our country into "red states" and "blue states" also symbolizes a divide in charitable behavior. Of the 25 states Brooks identifies as donating an above-average portion of household income to charity, 24 of these (including Virginia and North Carolina) gave their electoral votes to George W. Bush in the 2004 presidential election (see Figure 1). Brooks' data suggest a close relationship between a state's generosity and the percentage of its popular vote given to President Bush.

However, the red-versus-blue-state dichotomy with respect to charitable giving does not emerge when we examine our sample of metropolitan regions in the American Southeast (see Table 5). Blue metropolitan areas are not necessarily more generous in their charitable contribution percentages than red metropolitan areas.

Regardless, all of the Southeast's metropolitan areas demonstrate rates of generosity higher than the national average, and nearly all (excepting Northern Virginia and Raleigh-Durham in North Carolina) favored Bush over Kerry by a margin of several percentage points in the 2004 election.

FIGURE 1
2004 PRESIDENTIAL ELECTION RESULTS BY STATE
(KERRY STATES IN BLUE)



STATE CHARITABLE GIVING, 2001: A LOOK AT THE AVERAGES
(BELOW-AVERAGE STATES IN BLUE)



Source: "Who Really Cares: The Surprising Truth About Compassionate Conservatism" by Arthur C. Brooks (Basic Books, 2006)

Charitable Organizations in Hampton Roads

Hampton Roads citizens extend their generosity to a wide variety of causes – religious as well as secular, local, national and even global. How many of their charitable dollars remain in Hampton Roads? Has the rise in charitable giving at the national level benefited the nonprofit organizations of our region? Thanks to the efforts of The Norfolk Foundation, we can begin to address these important questions. For the past several years, the foundation has issued an annual study, “Dimensions of Philanthropy.” This report assesses the health of our region’s “bellwether nonprofits” – prominent organizations that are both headquartered in, and receive most of their donations from, Hampton Roads. (Religious congregations are not included in the study, nor are the region’s largest philanthropies, Operation Blessing and the Christian Broadcasting Network, both in Virginia Beach.)

The 2006 study, which surveyed 64 organizations in the fields of arts and culture, education, nature and the environment, animal welfare, health, and human service, had largely good news to report. Table 2 shows that the funding of Hampton Roads’ bellwether nonprofits increased to nearly \$157 million in 2005, continuing a consistently upward trend since the study’s inception. The unusually high total of \$198 million in 2003 can be largely attributed to the gifts of Frank and Jane Batten.

Overall, the bellwether nonprofits witnessed a 37.45 percent increase in direct public support between 2002 and 2005. This rate of growth surpasses a 21.63 percent increase in gifts to similar types of recipient organizations at the national level, according to data from Giving USA. While some of this regional growth may be attributed to fluctuations in the number and type of organizations participating in The Norfolk Foundation study, it is nonetheless clear that most of the bellwether nonprofits have been able to rely on a solid – and expanding – base of support from individuals and businesses in our region.

Underscoring the health of charitable giving in Hampton Roads is the cautious optimism of representatives from the nonprofit organizations themselves. According to a survey conducted as a part of the 2006 Norfolk Foundation study, 49 percent of the responding administrators believe that the state of philanthropy in Hampton Roads is improving somewhat or a great deal. Meanwhile, 46 percent believe that the state of philanthropy is staying the same, while only 5 percent feel that it is getting somewhat or a great deal worse. More than two-thirds of the respondents expected that support from individual donors, corporations and foundation grants would increase somewhat or a lot in 2006, and 63 percent recorded an increase in individual donors in the year prior to the report.

Such responses should not, however, mask the challenges nonprofit organizations face in accomplishing their goals and meeting their budgets in an increasingly competitive environment. A brief conversation with nearly any nonprofit executive in our region reveals that fundraising is a constant challenge. Relationships with donors must be assiduously pursued and cultivated. Nonprofit organizations employ multiple strategies – special events, direct-mail solicitations, matching grant applications, the hiring of development specialists and so forth – in order to maintain or increase charitable donations each year. A great deal of effort stands behind every charitable dollar received.

Since the health of the bellwether nonprofits is closely tied to that of our greater regional economy, unexpected shifts in the economic landscape can have immediate repercussions. With the closing of Johnson & Wales University’s Norfolk campus in 2004, for example, the Foodbank of Southeastern Virginia lost one of its most important partners. Culinary arts students had prepared more than 100,000 meals per year for needy children through the Foodbank’s Kids Café program; since the university’s departure, no one organization has been able to fill its shoes. Likewise, the recent decisions of the Ford Motor Co. and Nova Chemicals Corp. to shutter their plants in Norfolk and Chesapeake resulted in a loss of around \$300,000 for the United Way of South Hampton Roads’ 2006 fundraising campaign. The buoyancy of the regional economy, however, has helped to soften this blow. According to United Way chapter president Mike Hughes, approximately one-third of this shortfall was made up through larger than anticipated gifts from other campaign donors, particularly among members of the chapter’s growing Women’s Initiative and its Alexis de Tocqueville Society (for those donating \$10,000 or more).

Final Thoughts

Statistical evidence demonstrates that the citizens of Hampton Roads are generous people. We give a larger-than-average amount of our discretionary incomes to charity, and recent increases in funding for our bellwether nonprofit organizations exceed national averages as well. These are distinctions well worth celebrating.

Regardless of the economic climate, charitable giving is essential to the well-being of our region. As Arthur Brooks and other scholars of philanthropy rightly assert, charitable gifts do not benefit merely their immediate recipients; they can also enhance the happiness of their givers and strengthen the bonds of community. Researchers at the National Institutes of Health have even concluded that charitable giving affects the working of our brains, creating within them a kind of biological “warm glow.”

Charitable donations provide services that are critical to our region: shelter for homeless families, scholarships for college-bound students, and medical and emotional support for those suffering from conditions such as Alzheimer’s disease and AIDS. In 2007, individual and corporate donations have helped to construct a new public library branch in Portsmouth, to commemorate the 400th anniversary of the settlement at Jamestown, and to protect thousands of acres of new conservation lands in Surry, Isle of Wight and Southampton counties. These accomplishments enrich all of us.

