APPENDIX A

Statistical Appendix

This appendix presents statistical estimates of the operation of the charitable contribution provisions of present law. It also contains information on the growth, the present size, and operations of foundations.

1. Historical pattern of total contributions

It is not easy to determine just what has been the effect of the tax provisions relating to charitable organizations. One would naturally look first at the size of the contribution deduction. This is summarized in table 1 for selected years.

The difficulty of year-to-year comparisons from the data in table 1 is the differing coverage of income tax returns in various years. In the 1920's, tax returns covered a far smaller portion of the population than they did in the 1950's. Also, when the standard deduction was introduced or increased, many contributors stopped listing contributions. But with any given standard deduction a smaller portion of taxpayers use it, more itemize each year, and thus itemized contribution deductions go up more than contributions.

Table 2 shows several long-term comparisons of the contributions of living individuals. So far as the tax-deductible contributions are concerned, the table shows the figures adjusted to include estimated contributions of nonfilers and of individuals using the standard deduction. These adjustments have been estimated by C. Harry Kahn for earlier years.[1] The 1956 and 1962 adjustments were made following Kahn's technique. To provide conceptual correspondence with estimated contributions received by operating charities, the table also includes charitable bequests and corporate contributions.

[1] C. Harry Kahn, "Personal Deductions in the Federal Income Tax," National Bureau of Economic Research, Princeton University Press, 1960. Kahn's technique on nonfilers involved applying to their estimated income the ratio of contributions to income of the low-income filers. The estimate of contributions by standard deduction takers was based on changes in reported contributions at times when the standard deduction was expanded.