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**RELIGIOUS GIVING OVER THE LIFE CYCLE AND ACROSS COHORTS**

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# Religious Giving over the Life Cycle and Across Cohorts

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## 1. Introduction

Every major religious culture includes charitable behavior as one of its central tenants (Queen et al. 1998). Presumably, religious teachings and values affect the philanthropic behavior of adherents toward their religious institutions, as well as other organizations. Indeed, religious giving is substantial in the United States. Over 60 percent of all households contribute to at least one religious organization and 53 percent of all household giving supports houses of worship or other religious purposes (Independent Sector 2002). Historically, religious giving receives by far the most private philanthropy of any subsector, ranging from 36 to 50 percent of all giving (*Giving USA*, 2002), and has proved to be the most resilient to recessions and other crises (*Giving USA Updates*, 2001).

Nevertheless, there is some indication that religious giving in the U.S. may be declining (Ronsvalle and Ronsvalle e.g., see 1996, p. 17). In addition, it is clear that the religious life of baby boomers differs from those of the previous generation in terms of denominational loyalty, church switching, and desired control over congregational expenditures (Hoge et al., 1996). What is less clear, however, is whether these shifts in the religious life of baby boomers is accompanied by a decline in the overall level of religious giving. If so, has there been a similar declines by their parents, or are the baby boomers unique in this respect?

The present paper addresses these questions. First, we ask: How does the religious giving of the baby boomers (for purposes of this study those aged 35-49 in 2000, i.e., the 1951-1965 birth cohort) compare to that of the pre-war cohort (born 1924-1938) at a similar point in their life-cycle (i.e., aged 35-49 in 1973)? Second, how has the religious giving of the pre-war cohort changed as they aged (they were 62-76 years old in 2000)? We believe that this study offers the first true measure of an age effect as opposed to looking at two different cohorts at different points in their life-cycles in the same survey year. Third, how does the religious giving of the pre-war cohort in their senior years compare to that of the turn-of-the-century cohort (born 1897-1911) in their senior years? We address these questions using data describing giving in the years 1973 and 2000 from the *National Study of Philanthropy* (NSP) and the *Center on Philanthropy Panel Study* (COPPS), respectively.

## 2. Previous Literature

Although much is known about religion and giving, we wish to call attention to the relationship between religion and other types of philanthropic behavior. For instance, there appears to be a connection between religious values and the establishment of philanthropic initiatives by families (Foote 2002).

Johnson (1992) reports that religious organizations influence corporate giving. And, as is well-known, there is a connection between attendance at religious services and giving (e.g., Independent Sector 2001).

Less appears to be known about the religious giving of various cohorts, other than the age-profiles of giving generated from respondents of various ages being interviewed in the same calendar year. Such profiles show that older people give more, but, of course, this confounds age and cohort effects. Specifically, the lower religious giving of baby boomers relative to seniors measured in, say, 2000 may be due to the youth of the boomers (i.e., they will do more religious giving as they age) or a cohort difference (i.e., the boomers, as they age, will continue to give less than the seniors). The latter would be indicative of a fundamental shift in behavior.

However, two pieces of evidence suggest that baby boomers may be exhibiting this kind of shift. Baby boomers are known to attend religious services less frequently (e.g., Putnam 2000) Given the well-established connection between attendance and religious giving, lower baby boomer attendance suggests lower religious giving. Second, Wilhelm et al. (2002) find that adult children in 2000 were less likely to give toward religious purposes (46 percent) than their parents (63 percent) and they were much more likely to give towards non-religious purposes (58 percent) than toward religious purposes. Parents, too, are more likely to give towards non-religious purposes (67 percent), but this is only four percentage points higher than their incidence of religious giving.

Finally, Wilhelm et al. (2002) find that the religious giving of parents is strongly associated with the religious giving of their (adult) children. Moreover, parents who give toward religious purposes have children more likely to give toward non-religious purposes, though this relationship does not extend to a positive correlation of the amounts given. The implication of these results is that changes in the religious giving in one generation may be reflected in the giving of the next.

### **3. Data and Method**

We use the NSP to estimate giving in 1973. The NSP was fielded by the Filer Commission and is the only household survey of giving to include a high-income oversample collected with the assistance of the Internal Revenue Service, and, despite its age, is still used for research. It is the only household survey of giving covering the early 1970s. We use the COPPS to estimate giving in 2000. The COPPS is the first wave of a section on philanthropy administered as part of the *Panel Study of Income Dynamics* (we use the nationally representative cross-section only). Historically, personal giving is strongly affected by personal income (Deb, et al, 2002), so to facilitate the comparison of 1973 and 2000 giving data, we multiply the 1973 figures in the NSP by the growth in household incomes over 1973-2000 (a factor of 4.69). That is, the NSP figures are adjusted to reflect what they would have been in 2000 had they increased proportionally with income growth.

The summary statistics describing giving from the NSP and the COPPS are presented in the first two columns of Table 1. In 1973, average total giving (i.e., toward religious and non-religious purposes) was \$2,194. That is, if the giving measured in 1973 increased in proportion to household incomes, it would have been \$2,194 in 2000. Actual total giving in 2000 as measured in the COPPS was much less, at \$1,436. Smaller differences are found at the 80<sup>th</sup> quantiles (\$2,345 and \$1,935).

There are two possible reasons that the income-growth adjusted NSP exceeds the COPPS. First, it may be that giving grew less than in proportion to household income over the 1973-2000 period. This is suggested by results from the 1998 *Survey of Consumer Finances*—a survey which, like the NSP, includes a high-income over-sample--- which indicate lower giving than in the adjusted NSP. Second, it may be that the COPPS, which does not have a high-income over-sample, measures less giving than actually exists at the very top of the giving distribution. Wilhelm (2002) finds that the conditional giving distributions (i.e., excluding all those who do not give) in the NSP and COPPS are similar through the 92<sup>th</sup> quantile, but that differences above that quantile do cause large discrepancies in the averages measured in the two surveys. It is important to keep both of these possibilities in mind as we interpret the results, and we will see that in some cases these differences limit the strength of our conclusions.<sup>1</sup>

Continuing with the descriptive statistics, average religious giving in the NSP is \$1,046. We measure religious giving in the NSP using questions about the organizations, which received the four largest gifts. An alternative procedure would be to use the NSP question, which asked about the percentage of all gifts made to religious activities; this question indicates a slightly higher amount going towards religious activities (Morgan, Dye and Hybels 1979). Hence, our calculation based on the four largest gifts may slightly understate religious giving in 1973 and, if so, overstate increases (and understates decreases) between that year and 2000. Average religious giving in the COPPS is \$823. Note that the NSP-COPPS difference in religious giving is just over \$200, much less than the differences in the overall averages ( $\$2,194 - \$1,436 = \$758$ ). Most of that difference is reflected in the average given toward non-religious purposes (\$535).

Finally, we note that amounts given in the NSP were ascertained only for respondents who first indicated that their aggregate contributions exceeded \$100 (\$469 in income-growth adjusted 2000 dollars). To make the COPPS data comparable to this, we artificially imposed this same lack of information about gifts under \$469 in the NSP. This has the effect of lowering the average gift in the COPPS by about \$50, but has no effect on the 80<sup>th</sup> quantile. Hence, we use data patterns at the 80<sup>th</sup> quantile as a check on the patterns in the averages.

The remaining four columns in Table 1 contain our main results. Rather than present simple amounts given by age group we first adjust those amounts using multiple regression techniques. In particular, we regress giving on age categories, income, and wealth. We then use the regression estimates

to estimate giving for members of each age group who have median income and median wealth. For the averages, the regression models are estimated using least squares. For the 80<sup>th</sup> quantiles, the models are estimated using quantile regression.

#### 4. Results

Our first question involves comparing the giving of 35-49 year olds in 1973 (the pre-war cohort) with those in 2000 (the baby boomers), and these are displayed in columns 3 and 4 of Table 1. Taken at face value, total giving of the boomers (\$712) appears to be about \$200 less than the income-growth adjusted giving of the pre-war cohort. Keeping our discussion of the two possible explanations for NSP-COPPS differences in mind, an alternative possibility is that baby boomer giving is essentially in line with 1973-2000 income growth, but that the NSP did a better job at measuring giving at the top of the distribution. A \$200 difference is certainly within this realm of possibility.

The approximately \$300 difference (33 percent) in religious giving (\$916 versus \$612) is more than the \$223 difference (21 percent) in the two surveys' overall average religious giving, and, as such, provides some indication that boomers' religious giving has not kept pace with an income-growth adjustment to what the pre-war cohort was giving back in 1973. The \$647 difference (46 percent) at the 80<sup>th</sup> quantiles of religious giving of the two groups of 35-49 year olds (\$1,407 versus \$760) is greater than the \$407 difference (29 percent) in the quantiles of overall religious giving, again suggesting lower giving towards religious purposes by the boomers. Boomers' average non-religious giving has out-paced income growth (from zero to \$100), however the same pattern does not arise at the 80 quantile. Overall, our reading of this evidence is that total giving by boomers is not unlike that of the pre-war cohort 27 years earlier, but that religious giving is somewhat lower.

Our second question focuses on the giving over time of the same cohort. Columns 3 and 5 show the giving of the pre-war cohort at two different points in their life-cycle. The results indicate that total giving of this cohort increased faster than income growth. If it had merely kept pace with income growth, this cohort would have given \$894 in 2000. Instead, at \$1,541 it is 72 percent higher. Note that while we observe this accelerated giving, the fact remains that the 2000 figure may underestimate giving at the top of the distribution, and, hence, the average.

Where did this cohort put their accelerated giving? The results indicate that it did not go towards religious purposes. Average religious giving did not deviate much from income growth (\$916 versus \$888). However, non-religious giving did, going from zero to \$654. In other words, as the pre-war cohort moves into their senior years, their religious giving is keeping pace with income growth and their non-religious giving is increasing faster.<sup>2</sup>

Our third question focuses on the giving of the pre-war seniors in 2000 relative to what the 1973 giving of the turn-of-the-century cohort would have been if it were income-growth adjusted to 2000. At face value, columns 5 and 6 suggest the former (\$1,541) did not keep pace with the latter (\$2,427). However, this difference (\$886 or 37 percent) is not much larger than the difference between the overall averages (\$758 or 35 percent) and may in large part be reflecting the measurement differences between the two surveys. As was the case in the comparison of the pre-war 35-49 year olds with the boomer 35-49 year olds, the difference in religious giving ( $\$1,208 - \$888 = \$320$ , or 26 percent) is slightly larger than the overall difference in religious giving ( $\$1,046 - \$823 = \$223$ , or 21%). This may indicate that religious giving of the pre-war seniors in 2000 is a little less than an income-growth adjusted version of what the turn-of-the-century seniors were giving in 1973. The evidence for this is as least as compelling as the evidence suggesting weaker religious giving among the boomers relative to the pre-war cohort in 1973.

## **5. Conclusions**

With the qualification due to measurement differences between the two surveys in mind, we summarize our findings. Beginning with our second question: our strongest result concerns the life cycle giving of the pre-war cohort. Even though we find that the total giving of this cohort grew faster than did income over the 1973-2000 period, their religious giving did not. All of this “accelerated” giving (i.e., growth in giving in excess of growth in income) went towards non-religious purposes.

Turning to our first question, it seems that baby boomers are giving in terms that are commensurate with what the pre-war cohort did when they were 35-49. That is, the total giving of the two groups looks similar if the giving that the pre-war cohort did when they were 35-49 is adjusted by the growth of household income from 1973 to 2000. There is some evidence that baby boomers are giving less towards religious purposes, but we cannot entirely rule out the possibility that this evidence can be accounted for by measurement differences between the NSP and COPPS. To the extent that the results do suggest that there are differences, we must keep in mind that the boomers are not giving less in absolute terms, but somewhat less than the pre-war generation did if giving grew at the same rate as incomes did during this period. In addition, baby boomers’ religious giving may grow over their life cycle, as it did for the pre-war generation, although even if it does, we cannot be sure that it will grow at the same rate.

On our third question: if one interprets the results just summarized as indicating that baby boomers are giving less to religious purposes, one would also have to conclude that pre-war seniors are giving less to religious purposes than turn-of-the-century seniors did in 1973. The evidence is similar in each case.

Overall, there is some evidence that giving to religion by successive cohorts has declined as a share of income. However, it is clear that giving to religion keeps pace over the life cycle and that non-religious giving as a share of income increases over the life cycle. If one interprets the cross-cohort evidence as suggesting that baby boomers are giving less to religion than their parents did at a comparable stage in their lives, coalesced with our strong result in life cycle giving (i.e., giving to religion remains a flat share of income over the life cycle, holding everything else constant), implies that even if boomers' religious giving keeps pace with incomes as they mature, religious giving will never catch up to the share of incomes going to religion from the pre-war generation.

**Table 1. Cohort Comparison and Life-Cycle Changes in Giving.**

	All		35-49 in 1973	35-49 in 2000	62-76 in 2000	62-76 in 1973
	1973	2000	(born 1924-1938)	(born 1951-1965)	(born 1924-1938)	(born 1897-1911)
Column	(1)	(2)	(3)	(4)	(5)	(6)
Average giving						
Total	2,194	1,436	894	712	1,541	2,427
Religious (Religious Giving as % of Total Giving)	1,046 (48%)	823 (57%)	916 (102%)	612 (86%)	888 (58%)	1,208 (50%)
Non-religious	1,147	612	-22 <sup>a</sup>	100	654	1,219
80 <sup>th</sup> quantile giving						
Total	2,345	1,935	1,899	1,243	1,780	2,397
Religious (Religious Giving as % of Total Giving)	1,407 (60%)	1,000 (52%)	1,407 (74%)	760 (61%)	1,275 (72%)	1,738 (73%)
Non-religious	704	550	469	350	400	558

Notes for Table 1:

Column 1 presents the giving statistics for 1973 from the *National Study of Philanthropy* (n = 2,802). The 1973 data are multiplied by the 1973-2000 growth in household income (4.69); that is the “1973” results show what would have happened if the giving measured in 1973 rose proportionally with the growth in household income over the period 1973-2000. Column 2 shows the giving statistics for 2000 from the *Philanthropy Panel Study* (n = 4,445). The remaining columns report predicted giving of the specified age group from multiple regression models controlling for income and wealth. Giving is predicted for a member of the age group having median income and median wealth. For average giving, the regression model is estimated with ordinary least squares. For the 80<sup>th</sup> quantile, the regression model is estimated with quantile regression. The data are weighted using the weights supplied in the respective surveys.

<sup>a</sup> Indicates that 35-49 year olds with median income and wealth gave very little toward non-religious purposes in 1973. The estimate cannot be taken literally as negative \$22, because the least squares estimator does not correct for censoring at zero. However, the coefficient can be interpreted as being essentially equal to zero.

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## Endnotes

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<sup>1</sup> Given these differences one could ask, Why use the COPPS for comparison to the NSP? In short, other recent surveys would be much farther from the adjusted NSP than is the COPPS. For instance, the 80<sup>th</sup> quantile in the 1996 *Giving and Volunteering in the U.S.* is \$904 (in 2000 dollars), \$1031 less than the COPPS. Hence, while the differences between the NSP and COPPS will, indeed, limit our interpretations of the results, the use of other recent surveys would impose yet further limitations.

<sup>2</sup> Our data cannot tell us if it is primarily 35-49 year olds in 1973 who were giving towards religious purposes that have now augmented this with non-religious giving, or if 35-49 year olds in 1973 who gave little back then have started to give towards non-religious purposes, etc.).

The fact that the average total and non-religious averages grew while the 80<sup>th</sup> quantiles did not indicates that this giving became more skewed toward the top of the distribution as the cohort aged.