

## **Ethnic Diversity and Charitable Giving**

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## **Abstract**

Recent studies suggest that greater community heterogeneity will lead to lower provision of local public goods and less support for governmental income distribution programs towards the needy (Luttmer 2001). Our study analyzes how private donations to charitable organizations that help the needy are affected by greater community heterogeneity. It is important to address this question since charitable organizations are often considered to provide services that are substitutes to provisions from the government. We find that greater ethnic heterogeneity decreases both the probability and the amount an individual contributes to a charitable organization using new data from Panel Study of Income Dynamics (PSID).

## 1. INTRODUCTION

As U.S. and European societies become more racially and ethnically diverse, an important question is how these changes will impact social and economic life. Several authors have argued that rising heterogeneity may lead to weaker welfare states, by reducing the willingness of citizens to redistribute their incomes.<sup>3</sup> For example, European states have more generous welfare and social insurance policies compared to those in the United States. (Alesina et. al., 2001) In addition, Luttmer (2001) documents that support for public redistribution to the needy is lower within more ethnically heterogeneous U.S. communities. To date, much of the literature has focused on support for one type of redistribution – government-sponsored welfare. To date, much of the literature has emphasized one type of income redistribution –government-sponsored welfare.<sup>4</sup> Much less is known about how ethnic heterogeneity will affect other channels of income redistribution.

This paper takes on an important aspect of this debate by examining how ethnic heterogeneity affects private donations to the needy. Charitable giving to needy is often a *voluntary* act of income redistribution. To our knowledge, our paper represents the first attempt to examine this question. Our approach is informed by noting that a large majority of U.S. households donate to charitable causes. Based on recent figures, in 2003, nearly 90 percent of U.S. households gave to charitable causes, and total contributions amounted to about 240.92 billion dollars, nearly 2.2% of GDP. In addition, U.S. charitable organizations play a central role in in redistributing income and providing goods and services to the needy. We also examine the relationship between private donations to the needy and the level of public redistribution (per capita food stamps) to shed light on the extent to which government transfers crowd-out private contributions to the needy.

The empirical analysis in this paper is based on new data on giving to the needy from the Center on Philanthropy Panel Study (COPPS), a module in the Panel Study of Income Dynamics (PSID). These data represents the largest one-time study of philanthropy in the United States, and provides a unique opportunity to study the impact of ethnic diversity on charitable giving at the household-level.<sup>5</sup> There are few existing sets that allow us to examine private income

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<sup>3</sup> Several authors have documented that community heterogeneity may lead to lower provision of local public goods, trust towards others, and participation in social groups using U.S. data (Alesina, Baqir and Easterly, 1999; Alesina and LaFerrara, 2000). A related literature examines how ethnic diversity affects public policy choices and economic outcomes using cross-country data (Easterly and Levine, 1997).

<sup>4</sup> There is some evidence that public attitudes towards welfare may differ from public attitudes towards other spending on the poor (Jacoby, 1994).

<sup>5</sup> Some of the data used in this study are based on the sensitive PSID-Geocode Match files, obtained under special contractual arrangements from the Panel Study of Income Dynamics meant to protect the

redistribution to the needy for a representative sample of U.S. households. In addition, the dataset contains high quality data on income and wealth, which are typically unavailable within existing data sets on philanthropic behavior, allowing us to control for the household's economic resources.

To our knowledge, this is the first economic study to investigate how ethnic diversity affects private redistribution to the needy. The results of this study have the potential to contribute to important debates concerning the relationship between private and public income redistribution.

## **2. CONCEPTUAL FRAMEWORK**

Economic theory provides a framework for understanding transfer patterns to charitable institutions that serve the needy. With altruism, households contribute money and time to community organizations because they care about the recipients of those organizations. Under the exchange motive, households transfer resources because they benefit directly from their contributions to the needy. For example, donors may derive benefits in the form of a “warm glow” or joy from giving (Becker, 1974; Andreoni, 1989, 1990) which depends on the size of the contribution to the needy. Our framework considers the role of both motives in the household's transfer decision.

Within altruism and exchange-based considerations, community-level variables, including ethnic diversity can influence the household's transfer decision. In this section, we present our conceptual framework. The formal model is detailed in an appendix, which is available upon request.

### **Ethnic Diversity and Charitable Contributions**

Ethnic diversity can affect contributions to charitable organizations through the inter-household considerations in the form of altruism towards one's own ethnic community, transaction costs of organizing, and diversity of preferences. These mechanisms are presented below and suggest that ethnic diversity can have a negative impact on contributions.

**Inter-household Considerations:** Ethnic diversity may influence charitable contributions through altruistic preferences. The extent to which altruistic preferences lead to variations in the level of support for community services depends on differences across households in the correlation between the weight a household (i) places on the utility of another household, (j) and the marginal benefit of i's contribution to j. The marginal benefit of i's contribution to household

$j$  is positive if  $j$  receives community services. In particular, support for charitable institutions, and hence the level of contributions is higher among individuals for whom this correlation is larger.<sup>6</sup>

Thus, ethnic diversity will affect contributions if the weight that household  $i$  places on the utility of household  $j$  is higher when  $j$  belongs to  $i$ 's ethnic group. The prediction that emerges here is that household  $i$  will increase its contributions as the number of similar households who benefit from the services of the charitable organization rises. In this paper, we test the altruism towards one's own ethnic group hypothesis by investigating the impact of the share of beneficiaries from a household's ethnic group on the probability and level of contributions.

**Transaction Costs:** Charitable giving to the needy within a community often depends on trust and communication among groups. Ethnically diverse communities may have low levels of trust and may lack community-level norms of reciprocity, particularly if these attributes are cultivated within ethnic groups (Gugerty and Miguel, 2002). With high transaction costs in a community, the formation of community-level charitable organizations may be more difficult. Furthermore, it may be more costly to produce services for the needy in the presence of communication barriers arising from ethnic diversity. Thus, high transaction costs will have a negative effect on organization existence and will decrease the probability of giving. We test the transaction costs hypothesis by constructing an index of ethnic diversity and measuring its effect on the probability and level of monetary transfers to the needy.

**Diverse Preferences:** Ethnic diversity may lead to a polarization of preferences where a larger fraction of the community may find the type of services offered by the charitable organization undesirable. This has a negative effect on the probability of contributions, and the level of monetary transfers to the charitable organization when there is only one type of transfer under consideration.<sup>7</sup> If the type of services provided is based on majority preferences, a household from a non-majority group may find them less desirable and will be less likely to contribute to their production.

It is important to recognize that ethnic heterogeneity may also be positively associated with contributions. Within ethnically diverse settings, charitable organizations serve the poor when governments and markets fail to satisfy the heterogeneous needs of consumers leading to a larger supply of organizations (Weisbrod, 1988). Diverse preferences may lead to a wide range of

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<sup>6</sup> This is unambiguously the case when there is only one type of transfer. When the household considers both money and time transfers, we need a restriction on the cross-utility effects as specified in the discussion of diverse preferences.

<sup>7</sup> If households jointly choose monetary and time transfers, then the effect of diverse preferences is more complex. Specifically, if the marginal utility of money and time contributions diminishes "rapidly enough" to compensate for any possible negative cross-utility effects of money and time transfers, then we expect the probability and level of money and time contributions to decrease with greater diversity in preferences.

opinions on what type of goods and services to provide to the needy, and within democratic systems of government, the supply of goods and services to the needy may reflect the preferences of the median voter only Weisbrod (1988:27).

In this section, we have discussed the channels through which ethnic diversity may affect charitable contributions. We examine the relative importance of these mechanisms using various ethnicity measures in the empirical section of the paper.<sup>8</sup>

### 3. DATA

The new PSID philanthropy module used in this paper is unique because it provides high-quality data on charitable giving, comparable to the U.S. Individual Taxpayer Return data<sup>9</sup> (Wilhelm, 2002). Most existing data sources on U.S. charitable giving do not provide detailed information on charitable giving by organization type and high quality information on income and wealth is often not available.

Our data set contains over 5400 households.<sup>10</sup> The key dependent variable in our study is charitable giving to the needy. We examine “giving” as dichotomous variable, which is equal to 1 if individual  $i$  gave a transfer to a charitable organization that served the needy in the survey year, and zero otherwise. We also investigate the amount transferred to the needy, a continuous variable, which is defined as the log of the total monetary contribution to a charitable organization that served the needy.<sup>11</sup>

In this study, we define charitable giving as contributions to qualified nonprofit organizations that are eligible for the charitable deduction according to the definitions provided by the Internal Revenue Service. Our key dependent variables on charitable giving are constructed using the following questions, which were posed to PSID survey respondents: “During the year 2000, did [you/you or anyone in your family] donate money, assets, or property with a combined value of

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<sup>8</sup> Another channel that inter-household effects may affect the time transfers is when households prefer to interact with others who belong to the same ethnic or socio-economic group, as modeled by Alesina and LaFerrara (2000). In their model, individuals derive disutility from interacting with people who belong to a different ethnic group. For this reason, time contributions may be particularly responsive to the share of participants in the community organization who belong to one's own ethnic group and the household's non-majority status in the community.

<sup>9</sup> The PSID philanthropy module is the only data set on giving that is comparable to the IRS taxpayer data in coverage. However, we should note that the IRS taxpayer database provides a more accurate picture of charitable giving at and above the 90<sup>th</sup> percentile of charitable giving. The IRS tax data is less suitable for this study because immigrant status and experience is not recorded, and immigrants may be less likely to itemize their deductions.

<sup>10</sup> We exclude the Survey of Economic Opportunity (SEO) sample in PSID in our investigation.

<sup>11</sup> More formally, our continuous measure of formal and informal giving is defined as  $\log(1 + \text{total amount})$

more than \$25 to religious or charitable organizations?” Households are then asked whether they contributed to charitable organizations that served the needy and how much was contributed.

The empirical literature on charitable giving emphasizes the effect of taxation on charitable contributions. Given the tax-deductibility of charitable contributions, higher marginal tax rates should lower the price of charitable giving. The price of formal charitable giving is calculated by 1 minus the marginal tax rate for itemizers, and unity for non-itemizers. We calculate the marginal tax rate for itemizers using TAXSIM version 5 (Feenberg and Coutts, 1993).<sup>12</sup>

The PSID has a rich set of income and wealth measures, which we exploit in order to fully capture the household’s economic position. As permanent income tends to have a larger effect on charitable behavior than transitory income sources (Auten, Holger-Sieg, and Clotfelter, 2002), we use a measure of the household’s permanent income. Our measure of permanent income is based on average family income from 1997, 1999, and 2001 waves of the PSID.<sup>13</sup> In our analysis, we also include several household characteristics, such as age of household head, age squared, marital status, gender, educational attainment, race and ethnic origin, family size, unemployment, immigrant status, and household income. To account for regional variation in charitable giving, we classify households into six geographic regions based on their state of residence.

To obtain a comprehensive picture of ethnic diversity and other community characteristics, we rely on the 1990 and 2000 Census Data. The United States has witnessed significant changes in the ethnic and racial composition over the past two decades. According to the 2000 U.S. Census, approximately 30 percent of the population currently belongs to a racial or ethnic minority group. Using the 1990 and 2000 Integrated Public Use Microdata Sample (IPUMS) and 1990 and 2000 U.S. Census Summary File 3, we construct measures of ethnic diversity, income inequality, and birthplace fragmentation at the Metropolitan Statistical Area (MSA) and county levels. The ethnic diversity index (ETHNIC) captures the probability that two randomly selected households will belong to different ethnic groups. An ethnic diversity index value of 0 for a community would mean that all households in the state belonged to the same ethnic group, while an ethnic diversity index of 1 would represent the maximum ethnic diversity. In our study, communities with higher scores have greater levels of ethnic diversity. We construct similar

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<sup>12</sup>The 18 input variables used to calculate the price of giving include tax year (2000), marital status, number of children in the family unit, number of taxpayers (head and wife) over 65 years of age, labor income of the head, labor income of the wife, dividend income of head and wife, property income, pension income, gross social security income, transfer income, rent paid, property taxes paid, itemized deductions (charitable deduction and medical deduction), child care expense, and unemployment compensation.

<sup>13</sup> Total family income can contain negative values. The number of households with negative numbers for those variables is relatively small and we replace these negative values with missing values.

indices for income inequality. We also construct a variable to measure the fraction of the population that belongs to a given ethnic group

Table 1 provides summary statistics. Nearly 30 percent of households contributed money or materials to a charitable organization that served the needy. The PSID data also allows us to examine the allocation of charitable contributions across other categories of giving. In addition to charitable organizations that serve the needy, we also have detailed information on the incidence and levels of giving for six categories of charitable institutions: religious institutions, organizations that served a combination of purposes (such as the United Way), health care or medical research organizations, educational, and other charitable institutions. We have information on incidence, but not specific levels of charitable giving for youth, arts, community, environment, and international aid.

#### 4. EMPIRICAL SPECIFICATION AND METHODS

##### Contributions to Charitable Organizations

This section presents an empirical model of the household's decision to contribute money, materials, and time to an organization that serves the needy in a given community. Let  $j$  index households and  $k$  index communities. We specify

$$Y_{jk} = \beta_1 + \beta_2 X_{jk} + \beta_3 C_k + u_j + \varepsilon_{jk}$$

where  $Y_{jk}$  is the "latent variable" in our analysis measure the net expected utility to household  $j$ , from contributing money to charitable organizations that help the needy in community  $k$ ,  $X_{jk}$  represents a vector of observable and unobservable household characteristics including head's race, age, sex, marital status, years of schooling, household size, number of children in the household, log per capita permanent income, and the share of household's ethnic group;  $C_k$  is a vector of community characteristics including ethno-linguistic diversity (log) population and (log) median income.  $\varepsilon_{jk}$  is the error term with  $E[\varepsilon] = 0$ ,  $\text{Var}[\varepsilon] = 1$ .

We do not observe the "latent" variable,  $Y_{jk}$  but only the choice made by the household, which takes value 1 if household contributes money to the charitable organization that serves the needy (i.e.  $Y_{jk}$  is positive), and 0 otherwise.

$$P_{jk} = 1 \text{ if } Y_{jk} > 0, 0 \text{ otherwise}$$

We then estimate a probit specification where the dependent variable is  $P_{jk}$ . Our specification includes a rich set of household and community characteristics as explanatory variables.

Our data set contains information on the amount transferred to charitable organizations, but it is important to recognize that money transfers realized do not capture  $Y_{jk}$ . Economic theory suggests that the household makes a marginal benefit-marginal cost calculation when deciding on the level of transfers and  $Y_{jk}$  represents the difference between marginal benefits and marginal costs. With this caveat in mind, we estimate a Tobit model with the total amount of money transferred to charitable organizations as the dependent variables.

It may be difficult to fully capture all the community variables that affect contributions. Community characteristics such as civic traditions which may be unobserved, can also affect transfer patterns. Unobserved variables may be correlated with measured community characteristics, leading to bias in our estimated coefficients. The direction of the bias will depend on the correlation between observed and the omitted variables, as well as the true impact of observed variables on contributions.

## 5. RESULTS

### Decision to Give

Table 2a displays our basic probit regression using the PSID data set and including only individual controls. The dependent variable is equal to one if a household contributes money a charitable organization which provides aid to the needy, and 0 otherwise. The estimates in the first column of Table 2a are marginal probit coefficients; in the second column we report heteroskedasticity corrected standard errors adjusted for intra-county clustering of residuals.<sup>14</sup>

[Insert Table 2a]

From our results, a picture of the household-level determinants of contributions emerges. Higher income households (measured by log permanent income) are more likely to contribute to charitable organizations.

Consistent with other studies on charitable giving, we find that there are significant life-cycle effects in charitable giving. The incidence of charitable giving increase with age but eventually declines among older households. Male-headed households are about 4 percentage points less likely to give money to charitable institutions. Educational attainment, marital status, and household size are positively associated with incidence of charitable giving. An additional year of education increases the likelihood of charitable giving to the needy by about 6 percentage

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<sup>14</sup> Marginal effects are evaluated at the sample means for continuous variables, and reflect a change from 0 to 1 for discrete variables.

points. Immigrant status has a negative effect on the probability of giving though this coefficient is significant only at 10 percent level of significance.

Interestingly, race has a negative and statistically significant impact on the probability of giving to the needy and the total amount contributed. O'Neill and Roberts (2000) find that when controls for income, education, and immigration status are introduced, ethnic and racial differences in charitable giving tend to disappear. However, based on our results, nonwhites are about 6 percentage points less likely to participate in charitable giving to needy even after we have controlled for permanent income, immigrant status, and other demographic variables.

We next extend our analysis by incorporating variables which capture the characteristics of the community where individuals live.<sup>15</sup>

[Insert Table 2b]

In Table 2b we include county population and median income (both in logs) together with our measures of heterogeneity. Consistent with our theoretical predictions, the ethnic diversity index has a negative and statistically significant effect on the probability of contributing money. We find the results on ethnic diversity to be sizeable, when compared to other significant determinants of contributions.

The ethnic diversity index has been criticized in the literature because it has the same value for each individual living in the same community and hence may not accurately reflect the effects of interpersonal preferences---preferences that depend on the ethnicity characteristics of others. These preferences will depend on the interplay between an individual's own ethnic identity and ethnicity of others. To deal with this concern, we include the variable SHARE which is the share of households from individual's own ethnic group in total population as an alternate measure of ethnic heterogeneity. This variable varies by ethnicity and will allow us to test whether households are more likely to contribute when the share of their own ethnic group in total population increases.

We find SHARE to have a positive and significant effect on contributions on contributions suggesting that interpersonal preferences is another channel through which ethnic diversity may affect economic outcomes.

One could argue that ethnic diversity reflects other types of heterogeneity such as income inequality within a community. The existing literature suggests that income or wealth inequality

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<sup>15</sup> Our findings on individual controls are stable and robust to various specifications. We do not report these coefficients in the rest of the tables, although they are included all specifications.

county and also control for share of poor people in total population. Table 4 column 1 presents this regression.

[Insert Table 4]

We do not find any evidence for crowding out. In fact, IMBP is positive and marginally significant. The positive coefficient may seem puzzling at first. However, we also recognize that a higher IMBP also means the severity of needs in a community. If we cannot properly control for the existence of such needs with our share of poor in population variable, then we might observe a positive association with IMBP and private giving. Ethnic diversity remains negative and significant while share of poor in population is insignificant.

### **Interpersonal Preferences**

It is often challenging to identify the exact mechanisms through which ethnic heterogeneity affects individual behavior. One mechanism that we will consider in more detail is through interpersonal preferences. Here, we adopt a similar approach to Luttmer (2001) who analyzed the effects of interpersonal preferences on support for welfare spending. More specifically, we construct two variables: share of poor black population in total population and share of poor non-black population in total population. We then interact each of these variables with indicator variables for race. Black=1 if the household head is black. Non-black is constructed in a similar fashion. Therefore we have four variables where race-specific poverty rates are interacted with the race of the respondent to measure interpersonal effects. Table 5 presents these results.

[Insert Table 5]

The most striking result here is the negative and significant coefficient on share of poor blacks in population with non-black dummy. This basically implies that an additional poor black person in the community decreases both the probability and the amount of donations to the needy by a non-black person.

### **Discussion: A Distaste for Redistribution**

Donating to charitable organizations which help to poor and the needy is essentially a private act of redistribution of income. Studies before us focused on the determinants of support for public income redistribution, mainly through government-sponsored welfare programs. These studies noted that in relatively homogeneous communities there is more support for public income redistribution and other forms of public spending (Orr (1976); Easterly and Levine (1997); Poterba (1997); Alesina et al. (1999)). Luttmer (2001) noted that if individuals prefer to

redistribute to their own racial, ethnic or religious group, they prefer less redistribution when members of their own group constitute a smaller share of beneficiaries.

In this paper we have shown that that heterogeneity also reduces private acts towards redistribution as individuals are both less likely to give and reduce their donation amount in more ethnically heterogeneous communities.

## **6. CONCLUSIONS AND FUTURE WORK**

Using new data on philanthropic behavior, we find that ethnic diversity has a negative effect on giving to the needy. Our main findings are suggestive of mechanisms through which ethnic diversity can influence private income redistribution. Specifically, we find that interpersonal preferences towards one's ethnic group may affect giving to needy.

While our results on ethnic diversity provide important insights, there is a need for caution in the interpretation of these results. In general, isolating the impact of community-level outcomes on social and economic outcomes can be challenging. Because it is unlikely that individuals randomly chose their county of residence, estimates of the impact of ethnic diversity on individual behavior may be biased. An important concern in our analysis is that the location decision could be shaped by the same unobserved factors that influence the decision to give and volunteer time. To illustrate this point, suppose an individual who is less civic minded is also more likely to reside within an ethnically diverse community. The omission of individual variables (taste for giving, civic attitudes) from our analysis may lead us to find a spurious "ethnic diversity effect". Another concern is that individuals residing within a given geographical area often share a common economic environment, and some of these factors are unobserved in our analysis. For example, there may be higher levels of government spending on public goods. In future work, plan to address some of these issues. For example, we can control for the role of time-invariant unmeasured community characteristics using MSA fixed-effects. We also examine changes in charitable giving over time to reduce concerns about the effect of unobserved heterogeneity at the individual level.

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**Table 1: Summary Statistics**

	<b>Full Sample</b>	
	<b>N</b>	<b>Mean</b>
Contributed to the Needy?	5452	0.28 (0.45)
Amount contributed (full sample)	5370	116.50 (3248.82)
Amount contributed (contributors sample)	1436	435.6657 (1198.99)
<b><i>Community Characteristics</i></b>		
Ethnic Diversity Index (2000)	5426	34.463 (19.553)
Gini Coefficient	5426	44.408 (4.017)
<b><i>Household Characteristics</i></b>		
Share of Population from own ethnic group	5257	69.132 (26.155)
Intemized for formal charitable giving	5399	0.44 (0.50)
Price of formal giving	5461	0.82 (0.11)
Age	5458	45.84 (16.59)
Male	5461	0.77 (0.42)
Married	5461	0.63 (0.48)
Education	5396	13.05 (2.74)
Nonwhite	5461	0.20 (0.40)
Family size	5461	2.66 (1.44)
Unemployed	5456	0.04 (0.18)
Permanent family income	5461	60330.57 (59267.42)

**Standard deviations are shown in parentheses**

**Table 2a**

Decision to give: Individual Determinants

Probit Model

	Marg. Probit coefficient	Std. Error
Non-white	-0.056 **	(0.021)
Immigrant	-0.213 *	(0.21)
Age	0.0122 *	(0.01)
Age Squared (x1000)	-0.016	(0.02)
Male	-0.399 ***	(0.40)
Married	0.3187 ***	(0.32)
Education	0.0632 ***	(0.06)
Familysize	0.0034	(0.00)
Price of Giving	-0.564 ***	(0.56)
Income	0.3328 ***	(0.33)
Unemployed	-0.04	(0.04)
Regions	Yes	Yes
Number of Observations	5248	
Pseudo Rsq	0.11	
Log Likelihood	-2764	
Wald Chi(32)	704.91	

Marginal Probit Coefficients are calculated at the means for continuous variables and from 0 to 1 for discrete variables.

Standard Errors (in parenthesis) are corrected for heteroskedasticity and clustering of households at the fipcode level.

Region dummies are Northeast, Southeast, Northcentral, Southcentral, West and Mountain.

**Table 2b**

## Decision to Give and Heterogeneity

## Probit Model

	(1)	(2)	(3)
Ethnic Diversity	-0.0014 ** (0.0006)		
Share (including Hispanic)		0.0011 ** (0.0005)	
Gini			-0.001 (0.002)
Size (log population)	0.023 ** (0.006)	0.019 * (0.006)	0.012 ** (0.005)
Med HH Income (log)	0.058 * (0.032)	0.056 ** (0.032)	0.067 ** (0.033)
Individual Controls	Yes	Yes	Yes
Regions	Yes	Yes	Yes
Number of Observations	5219	5146	5219
Pseudo Rsq	0.12	0.12	0.11
Log Likelihood	-2733	-2695	-2736
Wald Chi(19)	734	705	718

Marginal Probit Coefficients are calculated at the means for continuous variables and from 0 to 1 for discrete variables.

Standard Errors (in parenthesis) are corrected for heteroskedasticity and clustering of households at the fipcode level.

Individual Controls all those listed in Table 2a.

**Table 3a**

Donation Amounts: Individual Determinants  
Tobit Model

	Coefficient	Std. Deviation
Non-white	-1.1636 ***	(0.393)
Immigrant	-1.4397 **	(0.575)
Age	0.0957 **	(0.040)
Age Squared (x1000)	-0.4053	(0.387)
Male	-2.4753 ***	(0.430)
Married	2.0476 ***	(0.424)
Education	0.3638 ***	(0.051)
Familysize	0.0536	(0.102)
Price of Giving	-3.3117 ***	(0.841)
Income	2.0545 ***	(0.219)
Unemployed	-0.0284	(0.716)
Regions	Yes	Yes
Number of Observati	5181	
Pseudo Rsq	0.059	
Log Likelihood	-6089.928	
LR chi2(16)	758.48	

**Table 3b**Donation Amounts and Heterogeneity  
Tobit Model

	(1)	(2)	(3)
Ethnic Diversity	-0.020 ** (0.009)		
Share (including Hispanic)		0.017 ** (0.008)	
Gini			-0.010 (0.035)
Size (log population)	0.418 *** (0.116)	0.371 *** (0.101)	0.261 *** (0.097)
Med HH Income (log)	1.227 ** (0.568)	1.194 ** (0.570)	1.375 ** (0.586)
Individual Controls	Yes	Yes	Yes
Regions	Yes	Yes	Yes
Number of Observations	5152	5080	5152
Pseudo Rsq	0.061	0.062	0.061
Log Likelihood	-6032.1	-5964.2	-6034.4
LR chi2(19)	783.2	784.66	778.51

Standard Errors are in parenthesis.

Individual Controls all those listed in Table 2a.

**Table 4**

## Government Transfers

	Probit Model	Tobit Model
	-1	
Ethnic Diversity	-0.0017 ** (0.001)	-0.0253 (0.011)
Share of poor in population	0.19176 (0.289)	3.4119 (5.593)
Income maint. benefit payments	1.6E-05 * (0.000)	0.0002 (0.000)
Size (log population)	0.02134 (0.007)	0.3969 (0.120)
Med HH Income (log)	0.09497 (0.066)	1.7546 (1.158)
Individual Controls	Yes	Yes
Regions	Yes	Yes
Number of Observations	4895	4839
Pseudo Rsq	0.1183	0.0617
Log Likelihood	-2567.1	-5719.7

Standard Errors are in parenthesis.

Individual Controls all those listed in Table 2a.

**Table 5**

## Interpersonal Preferences

	Probit	Tobit
Poor black/population interacted with black	0.17582 (0.483)	4.9252 (8.891)
Poor black/population interacted with non-black	-0.7845 ** (0.355)	-12.447 ** (6.210)
Poor nonblack/population interacted with black	-0.029 (0.269)	5.7058 (8.395)
Poor nonblack/population interacted with non-black	0.20016 (0.427)	-0.1552 (5.219)
Size (log population)	0.01825 *** (0.005)	0.3526 *** (0.104)
Med HH Income (log)	0.03323 (0.061)	0.7923 (1.061)
Individual Controls	Yes	Yes
Regions	Yes	Yes
Number of Observations	5020	4961
Pseudo Rsq	0.1173	0.0611
Log Likelihood	-2633.6	-5858.4
Individual Controls all those listed in Table 2a.		