

In defense of the Generosity Index

Martin Cohn



I'd like to make a few points in response to your recent editorial expressing skepticism about our Generosity Index:

The Generosity Index is not a competitive ranking of state populations according to their relative generosity. It simply reports 100 true facts — the average income, and the average

itemized charitable deduction (AICD), for each of the 50 states according to the Internal Revenue Service.

That is all it does. We do this because these are the only data in existence combining both giving and income that are freely and frequently available.

We could report them in alphabetical order by state, but that arrangement would be meaningless — it would not mean anything to anyone. So we decided to list each set of figures — the income and the charitable contributions — in descending order. That at least tells folks where they stand in relation to each other in income and in AICDs.

We know that income does not take into account differences in the cost of living or tax burdens on the downside, which especially affect people in lower-income brackets. Nor does it include other financial assets on the upside, which especially affect higher-income groups. It is an incomplete number; but as far as it goes, it is incontrovertibly true.

We know that itemized contributions do not, obviously, include unitemized contributions, nor volunteering. That, too, is an incomplete number, which as far as it goes, is incontrovertibly true.

We also know that most dollars in charitable giving are contributed by folks in the top income brackets, where costs of living and tax burdens matter least, and additional assets matter most. These are also the people who itemize most; which helps explain why the ICDs constitute about 80 percent of contributions, according to independent research.

So the giving numbers, which are true as far as they go, are at least 80 percent of the whole truth; and the income numbers would not be significantly reduced if we took into account costs of living and tax burdens, which would require assumptions, estimates and statistical mumbo-jumbo, none of which we do, and in any case have their greatest effect on those who give least (most of that in the unitemized 20 percent of contributions).

Since the two numbers for each state come from different groups (all taxpayers vs. itemizers who are only about 30 percent of taxpayers), we cannot compare dollars given to dollars earned and come up with a simple percentage for each state. So what we do is compare the ranks of each for each state. We do this arithmetically, by simple subtraction.



What that shows is not scientific, not analytical, and not about people or moral character at all. It is just about numbers and their relation to each other. And again, instead of listing these numbers in alphabetical order by state (which would be meaningless), we rank them in descending order.

We call this the "Generosity Index" because it is an "indication" (no more, no less) of "generosity" (the relation between giving and having). But it is only the numbers and their arithmetical relationships. We make no assertions beyond the numbers, and the numbers are all true.

We have never labeled any state or region.

This has been done by the media. We report the data and hope for a discussion on philanthropy. We believe that discussion leads to increased awareness, which in turn leads to increased charitable giving.

Rather than attacking the methodology, wouldn't it be more productive to promote philanthropy?

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