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APPENDIX F

Notes on Estimates of Philanthropic Contributions

NOTES TO TABLE 16

Adjusted Commerce Department Estimates

From 1929 to 1942 the figures are those published in *Survey of Current Business*, June 1944, Table 3, except for gifts to political organizations, which we eliminated. For years later than 1942-1951, figures have been available to us only in unpublished form, covering only gifts to religion, local social and welfare agencies, national social and welfare agencies, and foreign relief agencies. For the major categories of health, hospitals, and education, no figures were available for that period. We therefore blew up the unpublished Commerce figures for the available categories, assuming that the 1943-1951 ratio of total contributions to them was the same, on average, as in the 1929-1942 period. This assumption, though crude, is not out of line with what we could gather from other sources on the relation of religious and welfare giving to total contributions. The estimates on which this judgment is based are presented in Table F-1. For the period 1929-1942, the average ratio of total contributions to contributions for religious, welfare, and foreign aid causes was 1.27. Our rough estimates in Table F-1 give a ratio of 1.24-1.26 in 1952, and 1.22-1.25 in 1954 for the same categories.

While we consider the general magnitude of the estimate presented for 1952 and 1954 probably correct, the roughness of several of the component estimates leaves considerable room for error. In the main, our estimate for contributions to foundations may be too low. The great increase in the number of family foundations in recent times may have led to a larger total of gifts to such foundations than the estimate includes. On the other hand, our method of determining contributions made by individuals as a residual may have led to overestimates for such fields as religion, health, and welfare. In these areas, unlike education, we had no direct evidence of individuals' gifts, but had to resort to subtracting major items on which there was some information from estimates of total philanthropic gifts. For health and welfare, our estimates of individuals' gifts are higher relative to the estimated total than for education (see notes to Table F-1). It is also possible that our subtractions for corporate contributions are too low since some corpora-

APPENDIX F

tion philanthropic gifts are apparently reported as business expense. This too would lead to an overestimate for individuals whenever we used the residual method.

Table F-2 shows a number of series which, though they cover only parts of philanthropy and are therefore fragmentary, nevertheless convey some idea of the trends that prevailed in the area of philanthropic giving for the period under study. For the series shown, the percentage rise for the ten-year period 1942-1952 is on the whole similar to that for the extrapolated Commerce Department estimates. While the series for fourteen Protestant denominations and higher education would suggest that the extrapolated Commerce series understates the rise in philanthropic giving, the other series presented all show a smaller relative increase. In addition to the Commerce figures, only the Community Chest series for 285 cities and the series for 14 churches cover primarily the gifts of living donors. The other series shown include substantial amounts from other sources, a particularly important point regarding the education series, in which the sharpest relative increases probably occurred in gifts from corporations and foundations.

Finally, data bearing on the reasonableness of the Commerce Department figures up to 1942, on our extension of the Commerce series beyond 1942, and on the estimates presented in Table F-1, are found in the three national surveys of family income and expenditures that included gifts to philanthropy explicitly. These are the 1935-1936, 1941, and 1950 (urban population only) survey data presented in Table 23, Chapter 4. The summary figures are restated below.

	1935-1936	1941	1950
	<i>(per cent of income)</i>		
Gifts to religious organizations	1.0	1.2	1.2
All others	0.2	0.5	0.6
Total	1.3	1.7	1.8
Total on tax returns ^a	1.9-2.0	2.1	2.4 ^b

^a See p. 81 of text.

^b Estimated by assigning contribution rate of 1.66 per cent of income to returns with standard deduction.

As already noted, the survey figures show lower percentages of reported income for reported philanthropic contributions. This may, however, merely indicate that income is relatively less understated in

APPENDIX F

the consumer surveys than on tax returns—a distinct possibility.¹ What appears of greater significance to us is the relationship between contributions to religious organizations and all others suggested by the survey figures. “All others” amount to about one-fourth of the total in the 1941 and 1950 surveys. In our estimates for 1952 and 1954 the ratios are slightly higher (31 to 35 per cent of the total). Some of the estimates, arriving at considerably higher figures for philanthropic contributions than those in this study, place contributions to other than religious groups at 50 per cent of the total.² If the survey figures are indicative of the actual relationship between gifts to religious and to other fields, and if the estimate that we used for gifts to religious groups is approximately correct, then it would appear that even our estimates are more likely to err on the high side than on the low.

TABLE F-1
Estimated Total Amount of Philanthropic Contributions by
Individuals, Classified by Area of Service, 1952 and 1954
(millions of dollars)

AREA OF SERVICE	1952	1954
1. Religion	2,281	2,776
2. Education	114	143
3. Health and hospitals	259-303	283-369
4. Social welfare	323	465
5. Private foreign aid	44-91	60-139
6. Foundations	153	160
7. Miscellaneous	122-138	156-187
Total	3,296-3,403	4,043-4,239

NOTES TO TABLE F-1

(Notes refer to 1952, but apply also to 1954)

Source, by line

1. *Religious organizations.* The only firmly based series on gifts for religious causes, covering a large segment of churches, is that published annually for about 50 Protestant and Eastern Orthodox churches in

¹ Most consumer expenditure surveys find that income is understated more than expenditures, so that even the survey data, as presented above, have an upward bias. See, for instance, Wharton School of Finance and Commerce, University of Pennsylvania, *Study of Consumer Expenditures*, Vol. XI: *Income, Savings, Insurance, and Gifts and Contributions*, p. xv.

² See, for instance, Andrews, *Philanthropic Giving*, p. 73 (see text Table 16, Chapter 4, above for Andrews' estimates); also Thomas Karter, *op.cit.*, and Research and Statistics Note No. 38, 1957, Division of Program Research, Social Security Administration.

APPENDIX F

the United States by the Joint Department of Stewardship and Benevolences, National Council of the Churches of Christ in the U.S.A., in *Statistics of Giving*. The figure for 1952, covering contributions to 48 religious bodies with a membership of 33.4 million, is \$1.4 billion. It does not include contributions to Catholic and Jewish religious bodies and omits a significant number of Protestant churches. If we project the per member gifts of the 48 churches covered in *Statistics of Giving* to the denominations not covered (using for this membership figures published annually in the *Statistical Abstract of the United States*, and making rough adjustments for differences in concept of "membership"), we obtain a figure of \$2.6 billion for total gifts in the field. Probably a more informed estimate is that prepared by Thomas Karter of the Division of Research and Statistics, Social Security Administration, Department of Health, Education and Welfare (hereafter referred to as HEW) in "Health and Welfare Expenditures of Private Philanthropic Agencies in 1954" (Research and Statistics Note No. 15, 1956).¹ We have adopted the HEW figure for our estimate:

Total contributions to religious organizations, 1952	\$2,354 million
Minus: Contributions from:	
Foundations	8
Corporations	16
Bequests	49
Equals: Contributions from living donors	<u>\$2,281 million</u>

The small estimate of foundation grants is based on F. Emerson Andrews' discussion of this subject, which suggests that probably not more than 2 per cent of foundation grants go to organized religion (*Philanthropic Foundations*, pp. 17, 278, and 293-294). Andrews estimates total foundation grants to have been in the neighborhood of \$400 million. The estimate for corporations is based on Andrews' survey of 326 corporations' contributions in 1950, 4 per cent of which went to religion (see *Corporation Giving*, New York, 1952, p. 221). Corporation tax returns show \$399 million of deductible contributions for 1952 (*Statistics of Income*, Part II), which, with Andrews' ratio, produced our estimate above.

The figure for bequests is based on estate tax return tabulations. For

¹ See also Karter's estimates for more recent years in "Voluntary Agency Expenditures for Health and Welfare From Philanthropic Contributions, 1930-55," *Social Security Bulletin*, February 1958.

APPENDIX F

returns filed in 1954, bequests to religious bodies constituted 9.4 per cent of total bequests of \$354.5 million out of gross estates of \$7.4 billion. Estimates supplied by Robert J. Lampman show that these were the estates of the upper 2.4 per cent of decedents. He also estimates that the upper 2.4 per cent of living adults held in that year about 28 per cent of all gross estates. The distribution of wealth was somewhat more unequal among decedents than among adults. The estates for which tax returns were filed may thus have accounted for roughly 30 per cent of the wealth of all decedents. In other words about \$17.3 billion of gross estates were not reported on tax returns. Examination of a distribution of taxable and nontaxable estate tax returns by size of gross estates suggests that about 1 per cent of gross estates under \$60,000 may have been absorbed by philanthropic bequests.² This would add an additional \$172.9 million of bequests to the reported \$354.5 million. Since these are figures based on returns filed in 1954 and our estimates concern 1952, we lowered our total bequest estimate from \$527.5 to \$487.8 million, an interpolation between 1951 and 1954, the years for which estate tax return tabulations are available. We assumed one-tenth, or \$49 million, of these bequests went to religious organizations.

2. *Education.* This estimate is based on Office of Education figures for total gifts and grants to institutions of higher education for 1951-1952. For the most part these figures are not broken down by source of gift, and we therefore made the necessary allocation on the basis of a very detailed survey of 701 institutions by the Council for Financial Aid to Education covering 1954-1955. Our computations are shown below (in millions of dollars):

	Office of Education Totals ^a (1)	% from Living Donors ^b (2)	Living Donors (1) × (2) (3)
Gifts and Grants for:			
Current purposes	149.8	27.5	41.2
Nonexpendable funds (endowment)	96.2	36.5	35.1
Student aid	10.5	29.1	3.1
Plant expansion (a) total	71.6		
(b) from individuals	38.5	90.2	34.7
Total	328.1	(34.8)	114.1

² *Statistics of Income, 1953, Part I, pp. 72-75.*

APPENDIX F

^a *Statistics of Higher Education: Receipts, Expenditures, and Property, 1951-1952*, p. 46. Student aid figures were estimated by multiplying total student aid income for 1952 by the ratio of student aid funds from philanthropy to the total of student aid funds for 1954, when the distribution was made for the first time. Figures from individuals for plant expansion are an interpolation between 1950 and 1954, when both the total and the amount given by individuals were tabulated. For 1952 only the former is available.

^b Council for Financial Aid to Education, *Voluntary Support of America's Colleges and Universities, 1954-1955, 1956*. The percentage for current purposes is based on Table 7A, lines d, e, and f; for endowment, on Table 7B, lines d, e, and f; for student aid, on Table 7A, column 4, lines d, e, and f; and for plant expansion, the ratio of lines d, e, and f to lines d, e, f, and g in column 3, Table 7A was used. To compute our percentages we, of course, omitted grants from governments from Tables 7A and 7B.

3. *Health and hospitals*. For 1951, the President's Commission on the Health Needs of the Nation estimated philanthropy's contribution to civilian expenditures for health and medical services and facilities at \$400 million (see *Building America's Health*, Vol. 4, Washington, 1953, p. 151). Since the Commission's figure is for 1951, we estimated a comparable 1952 figure by assuming that the relation of philanthropic gifts to total medical expenditures was the same in 1952 as in 1951. We used the series in Table 36 for this purpose, which yielded an estimate of \$428 million. The Commission considers its figure understated because of the inclusion of contributions for hospital construction elsewhere. We therefore added to the above estimate another \$197 million, a figure cited by the American Association of Fund-Raising Counsel (hereafter AAFRC) in *The Bulletin*, Vol. 3, No. 12. These two figures suggest a total of \$625 million for health and hospitals in 1952. We also have Thomas Karter's estimate of \$675 million for the same year (HEW, *op.cit.*, Table 3) for total health expenditures from philanthropic contributions. Adjustments for these two estimates, in millions of dollars, are shown below:

Total contributions for health and hospitals	\$625-675
Minus: Contributions from:	
Corporations	106
Religious organizations	70
Bequests	109
Foundations	81-87
Equals: Contributions from living donors	\$259-303

The figure for corporation gifts was obtained by multiplying the \$399 million of contributions reported on corporate tax returns for

1952 by 0.27, the proportion of contributions that the 326 corporations in Andrews' 1950 survey gave to health agencies (*Corporation Giving*, p. 70). The contributions from religious organizations are Karter's estimate (HEW, *op.cit.*, Table 3). Bequests to health organizations were estimated by multiplying our estimate of total bequests (\$487.8, see note to line 1) by 0.224, a ratio arrived at by AAFRC on the basis of a study of published bequests of recent years (see AAFRC, *The Bulletin*, Vol. 3, No. 18). No direct information on foundation gifts to health and hospitals for any recent year has crossed our path. A recent analysis of charitable organizations registered in New York State by the Charities Registration Bureau of the Department of Social Welfare showed that of \$463 million contributions reported \$64 million came from foundations. For lack of other quantitative information we have utilized these figures in estimating the foundation component of contributions to both the health and welfare areas. Of the \$463 million reported, about \$50 million appears to have been destined for education,³ an area in which foundation grants have constituted about one-fifth of the total (see the study by the Council for Financial Aid to Education cited in note to line 2 as well as a recent survey of 398 institutions by the American Alumni Council, which reported 21 per cent of contributions coming from foundations). This leaves about \$54 million, or 13 per cent, of foundation grants out of total contributions of \$413 million. Of the latter figure about \$300 million was for health and welfare purposes, and 13 per cent may thus be a fair approximation of the foundation contribution to health and welfare combined. On this basis our estimate of foundation grants to health organizations comes to \$81 to \$88 million (\$625 to \$675 million \times 0.13).⁴

4. *Social welfare.* For total contributions to welfare organizations in 1952 we adopted Karter's figure (*op.cit.*, Table 3). Karter estimated

³ See Bernard Perlman, *Fund Raising in New York State*, Charities Registration, New York State Department of Social Welfare, June 1957.

⁴ Assuming that 0.13 is an approximately correct over-all figure for health and welfare, the further division of the foundation component between these two areas does not affect the result we are ultimately seeking in this study, namely an estimate of the amount of philanthropic contributions of individuals. However, those interested in health and welfare as separate items should be warned that our division of foundation grants between health and welfare may be incorrect. For instance, F. Emerson Andrews observes that the "broad field of health" probably "receives larger foundation support than social welfare" (see *Philanthropic Foundations*, pp. 284-291). Thus our estimate of \$81 to \$87 million for health may be somewhat too low and that of \$91 million for welfare (note to line 4) somewhat too high. In the absence of any more precise guide we preferred to leave these estimates unchanged.

APPENDIX F

total welfare expenditures financed by philanthropic contributions at \$935 million, of which he assigns \$235 million to church welfare, leaving us with \$700 million of nonchurch contributions. The following subtractions were made for an estimate of contributions from individuals:

Total nonchurch contributions for welfare	\$700 million
Minus: Contributions from:	
Corporations	177
Bequests	109
Foundations	91
Equals: Estimated from living donors	<u>\$323</u> million

Corporations undoubtedly made very substantial contributions for welfare purposes. For instance, 40 per cent of the amount raised by Community Chests has been obtained from corporations (see Community Chests and Councils of America, *Trends in Giving*, 1955, Bulletin 182, p. 4). Corporations contributed about \$100 million to Community Chests in 1952. Andrews (*Corporation Giving*, p. 70) finds his sample of 326 corporations made 44 per cent of their gifts to welfare agencies. Using the reported contributions of \$399 million and multiplying by 0.443 we obtain the above estimate for the corporations' share.

The estimate for bequests was arrived at by multiplying total bequests (\$487.8 million, see note to line 1) by 0.223, a ratio cited by AAFRC (*The Bulletin*, Vol. 3, No. 18) on the basis of a study of publicly announced bequests. As already fully described in note to line 3, the foundations estimate is: \$700 million \times 0.13 = \$91 million.

5. *Private foreign aid.* The Commerce Department's balance of payments statistics show that private institutional foreign aid was \$175 million in 1952.⁵ A large part of this, about three-fourths, is raised by, and channeled through, religious organizations; and a large part, except funds raised by Jewish groups, is included under religious organizations in Table F-1. Andrews has estimated gifts made directly to foreign relief organizations at \$40 million for 1948 (*Philanthropic Giving*, p. 73), and an unpublished estimate supplied by Andrews places such gifts at \$50 million for 1954. Apparently he considers all the contributions made to foreign aid agencies associated with particular religious

⁵ See Jesse L. C. Adams, "Postwar Private Gifts to Foreign Countries Total \$6 billion," *Foreign Commerce Weekly*, June 17, 1957.

denominations as already covered under religious organizations, and therefore to avoid duplication does not include them under foreign aid. On this basis only about one-fourth of the total reported by the Commerce Department as institutional remittances to foreign countries should be included in Table F-1 under foreign aid. However, it does not appear likely that gifts to the various Jewish foreign aid groups (such as the American Jewish Joint Distribution Committee) are duplicated by the estimates under religion. A 1954 tabulation of income and expenditures of some 60 voluntary relief agencies, which register with the Advisory Committee on Voluntary Foreign Aid (then under the Foreign Operations Administration), shows that about one-fourth of the total income (cash and in kind) of these agencies is accounted for by nonsectarian agencies and somewhat over one-fourth by Jewish groups. If we consider the latter as not duplicated in the religious sector, the estimate for giving to foreign aid groups in 1952 is \$91 million, most of which probably came from individuals.

6. *Foundations.* In this we rely mainly on Andrews' estimates. He estimates foundation expenditures in 1953 at \$371 million,⁶ of which about \$71 million constitutes the current gifts of individuals and corporations which are merely being channeled through the foundations to their ultimate recipients (*Philanthropic Foundations*, p. 17). An additional \$150 million of current gifts "stays" with the foundations as additions to foundation capital according to an unpublished estimate of Andrews'.⁷ Thus an estimated total of \$221 million may have been given to foundations in 1952. Foundations receive their gifts from a number of sources. The \$71 million of current gifts channeled through foundations comes mainly from individuals and corporations. Andrews estimates that about 20 per cent of foundation expenditures come from family foundations and 10 per cent from corporation foundations. We have used these proportions to allocate the \$71 million of "through" gifts to individuals and corporations, that is, two-thirds for the former and one-third for the latter.

Of the estimated \$150 million that goes into foundation endowment, the major part comes from individuals, much of it in the form of bequests from the estates of deceased persons rather than from living

⁶ A much lower figure for foundation expenditures ("in excess of \$140 million") is cited by John Price Jones (*The American Giver*, New York, 1954, p. 97) for 1952. Andrews' figure appears to be based on a more extended examination of available figures.

⁷ Karter (*op.cit.*, p. 4) estimates this item at \$100 million for 1954.

donors. We have no quantitative information on the importance of bequests as compared to gifts from living donors in the flow of funds to foundations. In their discussion of community trusts, Harrison and Andrews remark that "bequests are the chief source of capital funds."⁸ Typically, most foundations are set up during the founder's lifetime and receive significant annual gifts out of his current income. At the founder's death (or after the death of members of his family) the foundation may receive further gifts from the estate of the deceased. For instance, of the over three million shares of nonvoting stock that the Ford Foundation has received at various times from the Ford family, almost one-half came from the estates of Henry and Edsel Ford.⁹ Since community trusts hold only a small share of the total assets of all foundations, and since the case of the Ford Foundation, because of its size, may not be typical, a conservative estimate of the relative size of individuals' contributions to foundations in the form of bequests may be one-fourth of the total of such contributions by individuals. Some part of the funds that went into foundation endowment undoubtedly came from corporations. Andrews estimates the share of foundations assets held by corporation foundations at 6 per cent of the total. We have assumed this percentage to take account of corporation gifts to foundation capital. Thus we have estimated the gifts of individuals that merely flow through the foundations at \$47 million and the gifts that are added to foundation capital at \$106 million, resulting in a rough estimate of \$153 million for gifts to foundations in 1952.

7. *Miscellaneous.* A large number of small and varied philanthropies have not yet been accounted for in the above categories, including organizations interested in humane care for animals, nature conservation, cultural activities, and museums. A clue to the size of gifts to these miscellaneous philanthropies is contained in the recent report of the Charities Registration Bureau of New York covering 1955. In the report,¹⁰ the miscellaneous items constituted about 16 per cent of gifts classifiable under health, welfare, education, and foreign aid. Applying this ratio to our estimate of individuals' gifts to these four areas of philanthropy (those for New York are for total giving), we arrive at an estimate of \$122 to \$128 million.

⁸ Shelby M. Harrison and F. Emerson Andrews, *American Foundations for Social Welfare*, New York, 1946, p. 33.

⁹ See Andrews, *Philanthropic Foundations*, p. 59.

¹⁰ *Op.cit.*, pp. 5-6.

APPENDIX F

TABLE F-2

Data on Philanthropic Contributions from Seven Selected Sources, 1929-1954
(millions of dollars)

Year	Community Chests			Jewish Community Campaigns	Red Cross	Extrapolated Commerce Series	Higher Education ^a (current operating and endow- ment only)
	285 Cities (no corporations)	8 Cities	14 Protes- tant Bodies				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1929			445.5			1,449	
1930			420.7			1,378	89.7
1931			367.6			1,264	
1932			309.9			990	77.6
1933			260.6			806	
1934			260.5			832	
1935			267.5			902	
1936			279.7			952	
1937			296.0			1,099	
1938			307.2			990	
1939	45.0 ^b		302.8			970	
1940	50.3		311.2			1,053	85.0
1941	54.0 ^b		336.5			1,060	
1942	81.0 ^b	33.2	358.2		71.0	1,259	84.4
1943	101.7		400.3		147.4	1,568	
1944	104.0 ^b		460.8		216.4	1,824	120.1
1945	89.6		550.7	71.2	231.7	2,045	
1946	75.7		606.9	131.4	118.5	2,151	150.4 ^b
1947	75.7		683.3	156.6	79.1	2,191	
1948	78.1		774.4	200.7	73.0	2,446	167.4
1949	77.5		874.2	170.3	67.5	2,549	
1950	86.1		934.1	142.2	64.2	2,729	185.4
1951	101.0		1,031.6	136.0	77.3	2,931	
1952	108.2	49.5	1,120.7	121.2	83.8	3,356	246.0
1953	118.8		1,232.0	115.3	85.5		
1954	119.6		1,350.0	107.5	81.5	4,153	297.8
1952 as per cent of 1942	134	149	313	151 ^c	118	267	291

^a Figures are for fiscal years ending June 30 of respective calendar years.

^b Interpolated. For method see notes below.

^c 1952 as per cent of 1945. The corresponding percentage for column 6 is 157.0.

Source by column

(1) Community Chests and Councils of America. Figures for the years 1940, 1943, and 1945-1954, excluding an estimated amount received from corporations, were supplied to us by Esther M. Moore, Director, Department of Research and Statistics. For 1939, 1941-1942, and 1944, the

APPENDIX F

NOTES TO TABLE 17

Column 1. *Statistics of Income.*

Column 2. This is the sum of reported contributions (shown in column 1) and an estimate of contributions by persons who did not file a tax return or who chose the standard deduction.

From 1924 to 1940, the estimates of unreported contributions are for those who did not file tax returns. They were computed by attributing a contribution rate to the income not covered on tax returns. We adhered throughout to the adjusted gross income concept. From total AGI (using the series described in Appendix A, notes to Table 1, line 1) we subtracted all AGI reported on tax returns as well as the amount of AGI unexplained. The difference is assumed to be the estimated AGI of nonfilers (the amount unexplained is discussed in Appendix A, notes to Table 1, line 7).

Since nonfilers are those not required to file tax returns, we imputed to them a contribution rate (ratio of contributions to AGI) equal to that reported for each given year on the tax returns of the income group into which most of the nonfilers might be expected to fall. To be on the conservative side in this hypothetical estimate, all the unexplained amount was allocated to tax return filers in proportion to their income, and the "reported" rate imputed to nonfilers was calculated

Notes to Table F-2, *concluded*

figures were interpolated by a charted index of total gifts in 285 cities (see Community Chests and Councils, *Trends in Giving*, 1955, Bulletin 182, p. 3).

(2) Community Chests and Councils, *Expenditures for Community Health and Welfare*, 1952, Bulletins 174 (p. 3) and 175 (p. 11).

(3) From a special compilation by the Department of Research and Survey, National Council of the Churches of Christ in the U.S.A.

(4) S. P. Goldberg, "Jewish Communal Services" in *American Jewish Yearbook*, 1957, p. 168.

(5) From Office of Research Information, American National Red Cross.

(6) 1929-1942: Department of Commerce, *Survey of Current Business*, June 1944. 1943-1952: Based on unpublished estimates by the Office of Business Economics, Department of Commerce, of contributions to religious organizations, social and welfare agencies, and foreign relief agencies for 1943-1951. The 1952 estimate for these items was obtained by extrapolating their 1951 relation to estimated religious and welfare consumption expenditures as given in *National Income*, 1954 Edition (Supplement to the *Survey of Current Business*), Table 30. These 1943-1952 estimates for religious, welfare, and foreign aid gifts were in turn blown up by multiplying by the average ratio of total contributions to these items for the period 1929-1942.

(7) See U.S. Office of Education, *Biennial Survey of Education in the United States*, beginning with issue of 1929-1930. The figures do not include gifts for plant expansion since for most years no estimates were given for this item. In 1951-1952 it amounted to \$72 million and in 1953-1954 to \$104 million. For 1945-1946, the figure for gifts to endowment was estimated by interpolating between the 1943-1944 and 1947-1948 figures.

APPENDIX F

with this broader income base, that is, it was lowered correspondingly. The income groups in which nonfilers were assumed to fall, in each period, and the contribution rates assigned to them, are shown below:

Year	Income Groups ^a (\$000's)	Contribution Rates for Nonfilers (per cent)
1924	0-3	1.5
1925-1931	0-5	1.3-1.5
1932-1939	0-3	1.8-2.1
1940-1943	0-2	2.1
1944-1954	0-2	1.7-2.0

^a Net income groups until 1943; AGI groups thereafter.

The contribution rates shown above were multiplied by the estimated AGI of nonfilers to obtain the estimates of unreported contributions for 1924-1940.

From 1941 on, estimated contributions not reported on tax returns also include estimates for persons filing returns with standard deductions. For the years 1941-1943, when the standard deduction could be taken only on returns with less than \$3,000 gross income, the ratio of contributions to income on returns for 1940 in the 0 to \$3,000 group was used to estimate contributions for that income group. This approach appears reasonable in the light of the ratios shown in Chart 3. In 1944 the standard deduction became available for all tax returns, and it was therefore necessary to impute contribution rates to returns in all income groups, although the relative frequency of returns with standard deduction was greatest for low income returns. An estimate of contributions for all tax returns in 1944 was obtained by applying to 1944 reported income the estimated 1943 ratio of contributions to reported income. From this figure the reported contributions on returns with itemized deductions were subtracted, and the residual taken as the contributions that would have been reported on short-form returns if none had used the standard deduction. A contribution rate of 1.5 per cent for returns with standard deductions was thus obtained for 1944.

We used this rate for all standard deduction returns from 1944 to 1947. Since we received this ratio by assuming no change in the overall reported contributions rate between 1943 and 1944, we may have established the level of contributions "reporting" for the years after

APPENDIX F

1944 somewhat too low. In 1948 the standard deduction was once more liberalized by a rise in its ceiling per return from \$500 to \$1,000 for almost all taxpayers. The resulting shift of some taxpayers from itemized deductions to the standard allowance, required an adjustment in the contributions rate on standard deduction returns, as estimated for 1944-1947. Accordingly, the amount of income shifted from the long-form to the short-form returns category was estimated, and to that amount of income we assigned the average contributions rate prevailing in 1947 on returns with itemized deductions. Thus the new estimated rate for contributions on standard deduction returns, 1948-1954, became 1.66 per cent.

To make the procedures outlined above somewhat more concrete, the figures below show for one year, 1952, how the estimate in column 2 of Table 17 was obtained (in millions):

Estimated contributions of nonfilers

1. Total AGI	240,645
2. Minus: AGI reported on all returns	216,030
3. Minus: Amount unexplained	22,147
4. Equals: AGI of nonfilers	2,468
5. Line 5 \times 0.019 (adjusted contribution rate of 0 to \$2,000 AGI group on taxable returns)	47

Estimated contributions of those filing returns with standard deduction

6. AGI on returns with standard deductions	141,647
7. Line 8 \times 0.0166	2,358

Itemized contributions 3,116

Hypothetical estimate of total contributions, line 6 + line 9 + line 10 5,521