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Appendixes

Appendix A

Description of Pooled Data Set for Individual Contributions

The basic data source for the pooled sample covering contributions by individuals was the U.S. Internal Revenue Service's *Statistics of Income* tabulations by income class for selected years between 1948 and 1980. Data on itemized deductions were included in the reports for even years between 1948 and 1972 and for each year beginning in 1973. The number of income classes per year ranged from 12 to 49, giving a total number of class-year observations of 495. The observations in the pooled sample are averages pertaining to all itemizers within a given gross income class. For each class, average values of income, exemptions, and deductions are used to calculate a tax liability and a marginal tax rate. So as to apply to the first dollar of giving, both calculations are made assuming contributions were zero. The tax calculation routine uses tax schedules applying to each year for married taxpayers filing jointly. In years with tax surcharges, marginal tax rates were adjusted to reflect their effect.

An additional variable measuring per capita federal expenditures on welfare, education, and health was taken from the U.S. Bureau of the

Table A.1 Variable Definitions and Means for Pooled Data Set for Individual Contributions

	Full Sample	Net Income \geq \$4000
Net income (Y)		
= adjusted gross income		
less tax liability if no		
contributions, in 1972 dollars	74,686	91,318
Logarithm of net income	9.62	10.12
Price (P)		
= 1 minus marginal tax rate if no		
contributions	0.65	0.60
Logarithm of price	-0.58	-0.68
Charitable giving (G)	24,634	30,240
Logarithm of giving	6.50	7.30
Per capita federal welfare		
expenditures		
= per capita direct and		
intergovernmental amounts for		
welfare, education, and health	103.7	105.2

Census (1952-80) to measure federal spending in areas close to those in which many nonprofit organizations operate.

For estimation, all dollar figures were converted to 1972 dollars using the GNP price deflator. The means for the entire sample and a subsample based on classes with average incomes \$4000 and above are given below. Classes with average incomes below \$4000 were omitted because of the unusual circumstances that would typically be associated with very-low-income itemizers.

Appendix B

Means, Estimated Coefficients, Variances, and Covariances for Individual Giving Equations, 1975

Variable	Mean
$\ln Y$	10.4384
$\ln (G + 10)$	6.39861
$\ln P$	-0.551671
$(\ln Y)(\ln P)$	-6.06453
$(\ln P)^2$	0.431233
$(\ln Y)^2$	109.937

Constant-elasticity form

$$\ln G10 = -1.268 \ln P + 0.767 \ln Y + \dots$$

(0.052)	(0.018)
(1)	(2)

Relevant variances and covariances

	1	2
1	.00274055	—
2	.000810734	.000326516

Variable-elasticity form

$$\ln G10 = 0.706 \ln Y + 4.306 \ln P - 0.538 \ln Y \ln P$$

(0.266)	(0.629)	(0.067)
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$$- 0.247 (\ln P)^2 - 0.0140 (\ln Y)^2 + \dots$$

(0.124)	(0.0132)
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