Why are Americans less charitable than they used to be?

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The average American has grown more tight-fisted in recent years, donating a smaller portion of his or her income to charity than he or she did 10 years ago. In some ways, that shift makes sense following the Great Recession, which slashed personal incomes and wealth. Yet even as the country's economy started to recover, Americans have remained stingier than before, according to new research by economists at Texas A&M University.

In their paper, released this month, researchers from Texas A&M gathered data from the Panel Study of Income Dynamics from the University of Michigan—which collects information on personal income, wealth, education, and spending—to determine the likelihood that someone gave money to charity and how much he or she gave. The survey data included a sample of 13,000 people asked about a range of topics on an annual basis from 2001 to 2013. This allowed researchers to compare giving patterns before, during, and immediately after the Great Recession while controlling for factors such as income, wealth, state of residence, the local housing market, race, gender, and family size.

About 61 percent of households reported giving to charity in 2000, with an average gift of about $2,600. As a proportion of income, that means that the average person gave away 3.7 percent of his or her earnings. And each year after 2000, charitable giving increased by one or two percentage points until 2008, when the recession started and contributions began drying up.

While much of the decline in charitable contributions can be linked to shocks in American's personal finances, that's not the entire story. By 2012, many had experienced a partial recovery, yet the likelihood of giving to charity kept falling, declining by 6 percentage points compared to 2000 (after controlling for factors such as wealth and income). This provides evidence that forces stronger than individual circumstances drove the decline in giving, says Jonathan Meer, the lead author of the study.

"It could be that the uncertainty from the Recession has had a lingering effect. Giving tends to be habit-forming," Meer said, pointing out that the Great Depression made many people more frugal long after the economy had recovered.


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The results of their research suggest that Americans' attitudes toward giving have changed, regardless how much money they have. There is some research suggesting that poor people—those would actually stand to benefit from charity themselves—are more likely to donate money (overall, wealthy Americans still contribute most of the country's charitable dollars).

An analysis by the *Chronicle of Philanthropy* found that wealthier Americans gave less of their income to charity during the Recession, while the poor gave more. Those who earned $200,000 or more gave nearly 5 percent less to charity in 2012 compared to 2006, while those who made less than $100,000 increased their giving by 5 percent between those same two years, the report found. The poorest Americans—those earning $25,000 or less—increased their giving the most, by 17 percent over the same period. This study, while revealing, is limited to data gleaned from tax records in which charitable donations were listed as itemized deductions, something wealthier individuals are more likely to do, Meer says. That means that, while interesting, the sample is hardly representative of the entire country.

Even so, a more recent survey from sociologists at the University of Notre Dame echoes these findings. In their book, *American Generosity: Who Gives and Why*, they asked nearly 2,000 people about their views and habits regarding charitable giving. They found that Americans living below the poverty line were slightly more likely than others to give more than 10 percent of their income to charity. But as Meer's new research shows, even a person's income or wealth can't explain all of the decline in charitable giving during the Great Recession. There is another possible explanation, and that is growing cynicism. Fewer Americans feel that their volunteer work and donations actually make a difference in their communities.

Though Meer's research provides no concrete answers to why this shift is happening, it helps to highlight what motivates people to give in the first place. It was long assumed that people donated money to charity out of pure altruism, meaning that donors wanted to contribute to the public good and expected nothing in return. Then in 1990, research by economist James Andreoni coined the term "impure altruism," also known as "warm-glow giving."

In his study, Andreoni linked motivations for charitable giving to more selfish origins, such as social pressure, sympathy, guilt, or the desire to earn prestige and respect. More recently, neuroscientists have discovered that acts of charity give humans pleasure, activating two parts of the brain: the ventral tegmental area in the midbrain that gets satisfaction from sex, drugs, and food, and the subgenual area of the brain, which is stimulated in response to cute babies and romantic partners.

It's possible, of course, that many Americans no longer feel the same fuzzy feelings after giving their money away that they once did. This could result from the "engagement fatigue" noted in the YMCA's latest national community survey, which shows that Americans are volunteering less time and donating less money to causes that were once important to them. Respondents said their communities are not improving as much as expected, and they believe that governments, businesses, churches, and schools need to do more to help out.