Household giving expected to fall

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When all numbers are in, charitable giving by U.S. households is expected to have fallen by as much as 9 percent in 2009 after adjusting for inflation, a new model predicts.

Individual giving typically correlates to income and wealth, and given the continued challenges Americans face, even the rosiest scenario calls for a drop in donations, says the Individual Giving Model, created by the Center on Wealth and Philanthropy at Boston College.

Assuming slower growth during 2009, the model predicts income will drop at an annual rate of 6.4 percent after adjusting for inflation, and that net worth will grow 4.6 percent.

That would lead to a fall in household giving of 5.7 percent after inflation.

And when incorporating unemployment income, which correlates negatively to giving, donations could fall as much as 9 percent.

According to that low-growth scenario, giving in 2010 would continue to decline.

If the latter half of 2009 showed greater improvement, incomes could fall a lesser 3.4 percent after inflation, and net income could jump as much as 5.8 percent.

That rosier scenario would call for a more modest giving decline of 4.9 percent after adjusting for inflation. And after incorporating unemployment payments, the decline could reach 8.7 percent.

Should income and wealth grow at the faster rate, giving for 2010 could begin a return to pre-recession levels, the model says.