# The State of Giving

## Key Findings

- **Colorado: A Generous State**
  - A Decrease in Giving

## How Colorado Compares to the Rest of the United States

- Income Well Above National Average
- Charitable Giving Below National Average
- Colorado Declines while U.S. Advances
- Colorado’s Large Number of Donors
- Contributions by Income Level

## Statewide Data

- Colorado’s Six Regions
- Charitable Contributions by Region of the State
- A Decrease in Giving in all Regions of Colorado

## A Call to Action

## Appendices

- Appendix 1 - Sources of Data
- Appendix 2 - Methods Used in This Study

## Acknowledgments

© 2008 Colorado Nonprofit Association, all rights reserved. We are extremely grateful to these United Ways for providing generous sponsorship of this study.
Personal giving is the way people in Colorado translate compassion into action. The fabric of our state is woven with the beautiful tradition of neighbor helping neighbor, even when our neighbor may be a stranger to us, or someone who lives far across the globe.

Governor Bill Ritter and his wife Jeanne are wonderful examples of the giving spirit found in Colorado. Beginning in 1987, they spent three years managing and expanding a nutrition center in Zambia, Africa, where one-third of all children suffered from malnutrition. They continue to model this commitment to giving in many personal and public ways.

This “State of Giving” report confirms that the majority of people in Colorado give generously to assist the vital work done by nonprofit organizations. This is especially true in rural areas like Conejos County, where residents gave twice as much as the average American.

However, the report also indicates that giving decreased slightly in Colorado when compared to the previous year. The average itemized contribution by a Colorado taxpayer decreased from $4,074 in 2005 to $4,046 in 2006.

If this trend were to continue it could indicate that nonprofits will have fewer resources to assist those in need at a time of growing demand for services. The economy in Colorado is experiencing the highest inflation rates in well over a decade, translating into higher prices for fuel, food, and other essentials. Hardworking families are struggling to make ends meet, and growing numbers are turning to nonprofits for help.

The news that giving is decreasing creates a “perfect storm” for charities struggling to meet rising demand for services with limited resources. If things do not change, the survival of many Colorado nonprofits may be in question as will the sector’s ability to serve Coloradans in greatest need.

We all inherently understand the importance of hospitals, senior centers, food banks, homeless shelters, environmental groups, arts and culture institutions, and a myriad of other nonprofit organizations, but do we really understand how our individual giving to these organizations is an investment in our community?

An organization serving youth can provide services to help at-risk teens get back on track for approximately $4,000-$5,000 per year. Every youth sent to a correctional facility costs taxpayers over $65,000 per year.

This is one of countless examples of how nonprofit organizations can make a real difference in people’s lives, and in the economic and social health of our state. These organizations clearly deserve our support.

We hope that this report is informative and helps encourage individuals to seek out ways to translate their compassion into action by increasing their charitable donations.

If not us, who? If not now, when?

Sharon Knight
Interim President and Chief Executive Officer

Tom Downey
Board Chair, Colorado Nonprofit Association
A Profile of Individual Giving in Colorado

The Colorado Nonprofit Association is pleased to present the second in a series of statewide studies of philanthropic giving by individuals. A nonprofit membership coalition connecting nonprofits of all sizes, missions, and geographic locations, the Colorado Nonprofit Association works to lead, serve, and strengthen Colorado’s nonprofits. The Association serves the sector by providing tools for communication, networking, and administration, as well as facilitating trainings, discussions, and public promotion about the impact and importance of the nonprofit sector.

This profile of individual charitable giving in Colorado is part of an ongoing commitment by the Colorado Nonprofit Association to identify and address key issues concerning charitable giving in the state.

This report does not address giving by corporations or foundations, but focuses solely on individual giving. For an in-depth study of giving in all categories, contact the Colorado Association of Funders.

As was the case with the report published one year ago, this report was undertaken to –

- Identify strengths and weaknesses in individual charitable giving,
- Make comparisons between the 2006 and 2005 data to determine areas of growth and decline in giving,
- Provide information to nonprofit organizations to help them with their funding strategies, and
- Educate citizens of Colorado on how their individual charitable giving plays a vital role in improving the quality of life for all people in our state.

The Colorado Nonprofit Association remains committed to providing timely and relevant analysis such as this in an effort to increase charitable giving in a state that has significant needs in both its rural and metropolitan areas. It is our hope that this report will inspire and motivate donors throughout the state, both first-time givers and those who have committed their resources to charity in the past.

Methodology

This study profiles charitable giving in Colorado for the 2006 tax year, the latest year for which data is available. It also makes comparisons to data collected and analyzed for the 2005 tax year. Using federal tax data aggregated at the zip code and income levels, this study evaluates individual charitable giving in Colorado on a community-by-community basis. Non-itemizer deductions were determined with data from the Giving USA Foundation 2008 report.

This detailed analysis of charitable giving includes research on giving in specific regions, counties, and cities in Colorado, as well as giving patterns of individuals at different income levels. The report also includes comparisons between Colorado and other states, and between Colorado and the entire United States. Additional information on methodology is available in the appendix.
Key Findings

- For the second year in a row, total charitable giving by individuals in Colorado was nearly $3.8 billion. More than $3.1 billion was donated by donors who itemize their tax deductions, while $634 million was estimated to have been donated by non-itemizers.

- Charitable giving in Colorado declined when compared to 2005. The $3.79 billion in 2005 giving dropped to $3.75 billion in 2006; a loss of 1 percent, or more than $40 million in real dollars.

- When adjusted for changes in cost of living, that $40 million decline in charitable giving balloons to a $130 million decline in giving between 2005 and 2006.

- Colorado’s average Adjusted Gross Income reached an all-time high of $61,327 in 2006.

- Colorado ranks fifth among all 50 states in average Adjusted Gross Income.

- Even though we rank fifth in average income, we rank 38th in charitable contributions as a percent of that income.

- Coloradans gave 3.1 percent of their income to charity, while the average American contributed 3.4 percent.

- The average Coloradan gave $4,046 to charities during 2006. This was down from $4,074 in 2005.

- Coloradans gave an average of 7.8 percent less than the average American over each of the past seven years.

- The average amount donated to charity by Coloradans declined from 2005 to 2006 by one-third of 1 percent while the average American increased their giving by nearly 1 percent.

- Coloradans earn 7 percent more than the average American, but give 9 percent less to charity.

- If Colorado donors had given the same amount as the average American, charitable giving in Colorado would have been $489 million higher – a startling amount when you consider that all private and public foundation and federated fund giving in Colorado was $246 million the prior year, according to the Colorado Association of Funders’ Giving Study.

- Colorado ranks an impressive 8th among all 50 states in the percent of taxpayers that deduct for their philanthropy.

- Coloradans in the lowest income category gave a much higher percent of their income to charity; those with adjusted gross income under $50,000 gave 5.1 percent – significantly more than those in categories earning more than $50,000.

- The Metropolitan Denver region experienced a 10 percent decline in charitable giving between 2005 and 2006.

- Donors in Southwest Colorado yet again led the state in charitable giving, giving more than 4 percent of their income to charity. Donors there gave 12 percent more than the average American.

- The average donor in Aspen gave $17,400, earning Aspen donors the title of most generous in the state, in terms of dollars donated per taxpayer.

- Donors in Baca County gave 7.7 percent of their income to charity, leading all 64 Colorado counties in generosity.

- Donors in Holly gave more than 10 percent of their income to charity, leading all Colorado towns and cities in giving as a percent of income. Note that the devastating tornado in Holly did not occur until the year following this study period.
Colorado: A Generous State

For the second year in a row, total charitable giving by individuals in Colorado was $3.8 billion, according to 2006 tax return data recently released by the Internal Revenue Service. More than $3.1 billion of that total was reported on the tax returns of donors who itemize their tax deductions, while $634 million is estimated by the Colorado Nonprofit Association to have been contributed by donors who do not itemize deductions on their annual tax returns.

These contributions help Colorado in a number of meaningful ways. Whether in support of underserved populations, arts and culture, animal welfare charities or scientific and research organizations, the charitable contributions of Coloradans help make the state a great place to live.

A Decrease in Giving

While Coloradans demonstrated tremendous generosity in 2006, charitable giving actually declined in the state when compared to 2005. The $3.79 billion in 2005 giving dropped to $3.75 billion in 2006; a loss of 1 percent, or more than $40 million in real dollars.

When adjusted for changes in cost of living, that $40 million decline in charitable giving balloons to a $130 million decline in giving between 2005 and 2006.

This decline in giving represented the first such decline since 2001. Particularly troubling is that this previous decline happened as Coloradans were recovering from a recession, while the decline from 2005 to 2006 occurred during a period of relative economic stability.
How Colorado Compares to the Rest of the United States

**Income Well Above National Average**

In terms of average income, Colorado ranks high when compared to other states. That trend continued in 2006, when Colorado ranked 5th among the 50 states in average adjusted gross income. Adjusted for the cost of living, the average income in the United States ranged from a high of $67,167 in Connecticut to a low of $31,310 in Hawaii.

Colorado’s average Adjusted Gross Income reached an all-time high of $61,327 in 2006, well above the national average of $57,067.

In addition, Colorado’s average Adjusted Gross Income grew by 6.5 percent between 2005 and 2006 while the average American income grew by 4.8 percent.
Charitable Giving Below National Average

While Coloradans are extremely generous, the state ranks low in charitable giving when compared to the rest of the country. Even though we rank 5th in average income, we rank 38th in charitable contributions as a percent of that income.

Coloradans gave 3.1 percent of their income to charity, while the average American contributed 3.4 percent.

In terms of the average amount of charitable giving, Coloradans gave $4,046 to charities during 2006. This was down from $4,074 in 2005.

This gap between giving in Colorado and giving in the U.S. as a whole is not new. For every year since 2000, the amount of income donated by Coloradans has been significantly short of that given by the average American.
In fact, as noted in the chart above, Coloradans gave an average of 7.8 percent less than the average American over each of the past seven years. The gap between average Colorado giving and average U.S. giving last year was 8.8 percent, second highest during that seven year period.

Coloradans earn 7 percent more than the average American, but give 9 percent less to charity.

**Colorado Declines while U.S. Advances**

How did Colorado donors perform in 2006 when compared to our study of the prior year? Unfortunately, not well. The average amount donated to charity by Coloradans declined from 2005 to 2006 by one-third of one percent while the average American increased their giving by nearly 1 percent. While the difference – roughly $42 per donor – might appear modest, total giving in Colorado would have increased by $32 million had Coloradans given at the same level as their fellow Americans.

If Colorado donors had given the same dollar amount as the average American in 2006, charitable giving in Colorado would have been $489 million higher. This is a startling amount, and particularly when you consider that all private and public foundation and federated fund giving in Colorado was $246 million the prior year, according to the Colorado Association of Funders’ Giving Study.

### Colorado’s Large Number of Donors

While Colorado may experience lower than average giving, the number of donors is quite impressive. Of the 2.2 million tax returns filed by Coloradans, more than 750,000 – or 35 percent – included deductions for charitable contributions. With 35 percent of taxpayers deducting charitable contributions, Colorado ranks an impressive 8th among all 50 states in the percent of taxpayers that deduct for their philanthropy.

### Contributions by Income Level

A look at giving by individuals in different income levels again reveals that Coloradans in the lowest income category actually gave a much higher percent of their income to charity than all others. Those with adjusted gross income under $50,000 gave an impressive 5.1 percent of their income to charity – significantly more than those in categories earning more than $50,000.

This is particularly relevant, as those with incomes less than $50,000 in Colorado represent nearly 30 percent of taxpayers who itemize their contributions.

As generous as they were, however, Coloradans earning under $50,000 significantly lagged behind the national average. While donors in that category gave 5.1 percent of their income to charity, the average American earning under $50,000 gave 6.1 percent.

The gap between giving in Colorado and giving in the U.S. narrows as income increases. While Coloradans earning less than $50,000 gave significantly less than their American
counterparts, those earning over $100,000 lagged only slightly behind the national average.

With the exception of those at the highest income level, Coloradans rank well below the U.S. median in their average contributions level, as noted in the table below.

<table>
<thead>
<tr>
<th>Contribution Category</th>
<th>Average Contribution</th>
<th>Average U.S. Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $10,000</td>
<td>$991</td>
<td>42</td>
</tr>
<tr>
<td>$10,000 under $25,000</td>
<td>$1,563</td>
<td>40</td>
</tr>
<tr>
<td>$25,000 under $50,000</td>
<td>$1,679</td>
<td>42</td>
</tr>
<tr>
<td>$50,000 under $75,000</td>
<td>$2,046</td>
<td>41</td>
</tr>
<tr>
<td>$75,000 under $100,000</td>
<td>$2,522</td>
<td>38</td>
</tr>
<tr>
<td>$100,000 under $200,000</td>
<td>$3,614</td>
<td>36</td>
</tr>
<tr>
<td>$200,000 or more</td>
<td>$17,146</td>
<td>26</td>
</tr>
<tr>
<td>All returns</td>
<td>$4,046</td>
<td>30</td>
</tr>
</tbody>
</table>

And while Coloradans in the lowest income categories lagged well behind their fellow Americans in charitable giving, their average income was more than 2 percent higher.

While the lower and middle income ranges gave well below the national average, Coloradans earning $200,000 or more gave at levels that put them at the national median in charitable giving.
Statewide Data

**Colorado's Six Regions**
In order to evaluate regional differences in charitable giving, the Colorado Nonprofit Association again divided the state into six distinct regions:

- Denver Metropolitan
- Central
- Southeast
- Northeast
- Southwest
- Northwest

In order to study trends, the regional breakdown used for this study is the same as that used in the study of the prior year.

Once again, this regional evaluation reveals that there is a significant variation between the most and least generous regions of the state. It also reveals that within each of these six regions, some counties are more generous than others.

**Charitable Contributions by Region of the State**
For the second year in a row, the Southwest, Central, and Northwest regions of Colorado led the rest of the state in charitable giving. Even more impressive is the fact that donors in these regions yet again exceeded not only the Colorado average, but the national average in terms of charitable giving as a percent of adjusted gross income.

While there were fluctuations in the percent of giving within regions and across the state, the six regions ironically performed in the identical order in terms of most to least giving as a percent of income as indicated in 2005.

While the Southwest, Central, and Northwest regions exceeded the national average in terms of percent donated to charity, the Northeast region gave at levels below the national average, but slightly above the Colorado average.

For the second consecutive year, donors in the Southeast and Denver Metropolitan regions gave at levels below the national average and Colorado average.

Once again, the difference between the most and least generous regions is quite large. The Southwest and Central regions gave 3.8 and 3.7 percent of their income to charity, while donors in the Denver region donated less than 3 percent.
A Decrease in Giving in All Regions of Colorado

Unfortunately, each of the six regions of Colorado saw dramatic decreases in charitable giving between 2005 and 2006, as noted in the table below:

<table>
<thead>
<tr>
<th>Region</th>
<th>2005 Percent of Income Contributed</th>
<th>2006 Percent of Income Contributed</th>
<th>Percent Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver Metropolitan</td>
<td>3.3%</td>
<td>2.9%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Southeast</td>
<td>3.3%</td>
<td>3.0%</td>
<td>9.3%</td>
</tr>
<tr>
<td>CO. Avg.</td>
<td>3.4%</td>
<td>3.1%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Central</td>
<td>4.0%</td>
<td>3.7%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Northeast</td>
<td>3.5%</td>
<td>3.2%</td>
<td>8.2%</td>
</tr>
<tr>
<td>U.S. Avg.</td>
<td>3.6%</td>
<td>3.4%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Southwest</td>
<td>4.0%</td>
<td>3.8%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Northwest</td>
<td>3.8%</td>
<td>3.5%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

As a percent of income contributed to charities, four of Colorado’s six regions – Metropolitan Denver, Southeast, Central, and Northeast – experienced declines that exceeded the 6.7 percent decline experienced by the entire country.

The Metropolitan Denver region experienced the greatest decline between 2005 and 2006 – more than 10 percent. In fact, with this decline in giving, donors in Metropolitan Denver gave 12 percent less of their income to charity than the national average.

To the right, in order of most to least generous, we present the results for each county, and for the ten largest cities and towns, within each of the six regions of this report.

Southwest Region

Donors in the Southwest region of Colorado again led the state in charitable giving, averaging more than 4 percent of adjusted gross income given to charity. Donors there gave 12 percent more of their income to charity than the average American.

Six counties in Southwest Colorado (Conejos, Archuleta, Alamosa, Rio Grande, San Juan and Hinsdale) each gave at levels above the national average. As a percentage of their income, donors in Conejos County gave twice as much as the average American. Conejos County was the second most generous county in Colorado.

Even more remarkable is the fact that virtually every county in Southwest Colorado gave at levels above the Colorado average. Southwest Colorado was the only region in the state to perform at these levels.

Equally impressive is the fact that of the 12 counties in the Southwest region, all but Dolores County gave at levels above the national average.

While the Southwest region is the smallest region in the state in terms of dollars contributed, representing just over 2 percent of all itemized charitable giving in Colorado, contributions in this region totaled more than $64 million – $36 million of which was given by donors in La Plata County.

In terms of giving by cities and towns in the Southwest Region, standout communities were Ignacio, Pagosa Springs and Del Norte. Notable as well is that the region had seven towns whose generosity exceeded that of all others throughout their region, the country and the state.

As was the case with the counties, the top ten towns and cities of Southwest Region also gave at levels that exceeded the Colorado average. With this kind of generosity, it is no wonder that the Southwest region of Colorado exceeds all others in generosity.

In 2005, Durango and Cortez, the two largest towns in the Southwest region, gave at levels that exceeded the state and national averages. In 2006, however, Durango and Cortez fell short of the national average of 3.4 percent.
Although not listed on our chart of the ten largest cities and towns in Southwest Colorado, the small communities of Sanford and Manassa led the region in generosity. Donors in Sanford gave 10 percent of their income to charity while donors in Manassa gave 9 percent.

Central Region

The second largest region in the state, both in terms of total income and overall generosity, the Central region donated more than $374 million to charities. Still, the $374 million in charitable gifts in 2006 was down from $385 million in 2005.

For the second year in a row, donors in Kit Carson County led the region, giving an average of 5.3 percent of their income to charity (up from 5.2 percent in 2005). While these donors were very generous, only 14 percent of the Kit Carson County’s tax returns included deductions for charitable giving, compared to the state average of 35 percent.

Donors in El Paso County were extremely generous again this year, and their $350 million helped the Central region reach its position as the most generous among Colorado regions with major metropolitan areas.

Yet again, the most generous donors in the Central region were those that reside on the United States Air Force Academy grounds, with donors there giving more than 5 percent of their income to charity. While the donors in this community are very generous, there are few of them. Only 3 percent of tax returns from the United States Air Force Academy included deductions for charitable giving.

Similarly, donors living in Fort Carson were generous, giving 3.8 percent to charity, yet only 2 percent of taxpayers there made charitable contributions (against a state average of 35 percent). Contrast this with donors in Monument, where 57 percent of the taxpayers deducted their charitable contributions, ranking this community third highest in terms of percent of donors among taxpayers.

Donors in Colorado Springs gave 3.8 percent of their income to charity, giving a total of $299 million. While this 3.8 percent is a significantly greater percent than the state average of 3.1 percent, donors in Colorado Springs actually gave slightly less in real dollars. They contributed $4,016 while Coloradans averaged $4,046.

As noted in the graph on the following page, seven of the Central Region’s ten counties exceeded the Colorado average in charitable giving.
Northwest Region

Donating 3.6 percent of their income to charity, donors in the Northwest region again gave at levels above the Colorado average of 3.1 percent. Led by extraordinary giving in the resort communities of Pitkin and Eagle counties, the region posted 10 percent of all charitable giving in the state—totaling $298 million. This represented a four percent increase over the $285 million donated in 2005.

Ten Northwest counties – Delta, Ouray, Rio Blanco, Pitkin, Chaffee, Gunnison, Montrose, Eagle, Garfield and Grand – exceeded both the U.S. and Colorado averages for percent of income donated to charity.

In terms of average charitable contribution, donors in Pitkin County again led the entire state by a large margin, giving an average of $15,632 to charities. Particularly impressive is the fact that this represents a 20 percent increase over their average of $12,978 the prior year.

The average gift of $15,632 by donors in Pitkin County was more than twice the second most generous county – Prowers in Southeast Colorado – where contributions by donors averaged $7,239.

Eight of the ten most generous towns in Colorado were located in the Northwest region when measured by average contribution amount. The average donor in Aspen gave $17,400, earning donors from the city of Aspen the title of most generous in the state.

Resort communities overall performed quite well in terms of average donation amount, with Edwards, Woody Creek, Snowmass, Snowmass Village, and Vail all performing in the top ten towns in terms of average gift per donor. The towns of Basalt, Carbondale, Telluride and Avon also fell in the top twenty in this category.

Donors in the small community of Crawford, Colorado, northeast of Montrose, gave an average of more than $10,000 to charity. While it is not conclusive, given the relatively small number of donors in this community, one sizeable gift in 2006 could have skewed the average for that community.

In terms of average amount of income donated, donors in six communities of Northwest Colorado gave at levels exceeding the national average. Fruita, Carbondale, Aspen, Glenwood Springs, Montrose, and Clifton were the most generous. On the other hand, donors in Grand Junction, Craig, Avon, and Steamboat Springs gave below the Colorado average. Avon is the notable exception, where donors gave below the average in terms of percent of income contributed, but well above the average donation amount.
Northeast Region

The Northeast region again was fourth most generous of our six regions, accounting for $278 million in charitable giving. As generous as these donors were, the region’s giving dropped 4 percent; from $289 million one year ago.

The Northeast region again ranked slightly above the state average for generosity, but below the national average.

The region’s generosity depends on Larimer and Weld Counties, where 95 percent of its income lies. With these two counties again falling on either side of the state average, the region posts slightly above-average generosity when compared to the entire state.

Donors in Yuma, Washington, Phillips, and Sedgwick counties were particularly generous, giving at levels well above the national average of 3.4 percent. Donors in Larimer, Logan, and Morgan counties gave below the national average, but at levels above the Colorado average.

Weld County lagged behind all other counties in this region, and was the only county to give at levels below the Colorado average.

Donors in Larimer and Weld counties ranked 10th and 12th among all 64 counties in the percent of taxpayers that make charitable contributions.

Donors in Yuma gave impressively, with the average donor contributing $5,394 to charity. Wray residents followed closely behind, giving $5,364 to worthy causes.

Donors in Fort Collins contributed a remarkable $93 million; one third of all giving in the region. Still, the average gift by a donor was $3,594, nearly thirteen percent less than the average American. Had donors in Fort Collins given the same $4,403 that the average American gave, that $93 million in total giving would have ballooned to $114 million.

The Fort Collins example is not meant to single out donors in that region, but to demonstrate how significant the total impact could be if we all gave at the national average.

Certain areas of this in this region have a large percentage of donors. In Longmont, for example, 50 percent of taxpayers made charitable contributions.

Southeast Region

The Southeast Region gave $68 million to charity in 2006. And while the Southeast region ranks among the lowest of all six regions, donors there increased their generosity from $66 million the year earlier.

Giving an outstanding 7.7 percent of their income to charity, donors in Baca County led all 64 Colorado counties in generosity. They made a total of $395,000 in contributions.

Although nine of the Southeast Region’s 12 counties gave at levels greater than the national average, it was Pueblo County’s giving at 2.6 percent that most contributed to the region’s low ranking compared to the state’s other five regions. Pueblo...
Southeast Colorado has five towns that each exceeded the national average in terms of giving as a percent of income. Lamar, Rocky Word, Walsenburg, La Junta, and Canon City each gave more than 3.4 percent of their income.

Although they do not appear in the chart below of the ten largest towns in Southeast Colorado, donors in Holly gave more than 10 percent of their income to charity, leading all Colorado towns and cities in giving as a percent of income. This is of particular note as the devastating tornado in Holly did not occur until the year following this study period.

**Metropolitan Denver Region**

Donors in the seven-county Metropolitan Denver region gave nearly $1.8 billion to charity in 2006. This total represents more than half of the $3.1 billion in itemized contributions given by all Coloradans.

Although donors in this region gave $1.8 billion during the study period, their total giving was $23 million less than the year before. Even more troublesome is the fact that the Metropolitan Denver region gave only 2.9 percent of its income to charity, down from 3.3 percent the year before. This 10 percent decrease in giving as a percent of income is the largest decrease of any region in the state.

While the region may be less generous than others in the state, there is a great disparity among the seven counties in the Metropolitan Denver region. Donors in Denver County gave at levels greater than even the national average and donors in Arapahoe County exceeded the state average. In fact, Denver County ranked 13th out of all 64 counties in Colorado in terms of average dollar amount donated.

At the same time, while 46 percent of taxpayers in Broomfield County made charitable contributions, they gave an average of just 2.5 percent of their income to charity.

In terms of the percent of taxpayers who claimed charitable contributions, Denver County finished with the number 1 ranking. More than 55 percent of taxpayers in Denver County itemized their charitable contributions. This is an impressive percentage when compared to the Colorado average of 35 percent.
Donors in the City of Denver led the ten most populated Metropolitan Denver region’s cities and towns, giving 3.4 percent of their income to charity. While this is impressive, City of Denver residents gave 3.9 percent the year before.

The City of Boulder saw a significant decrease in giving when compared to the prior year. In 2006, donors there gave 2.9 percent of their income to charity, down from 3.8 percent the year earlier. In 2005, Boulderites gave at levels greater than their national, state, and regional counterparts. In 2006, their giving dropped below all three of those categories of donors.

Still, residents of Boulder gave an average of $5,534 to charity, much more than the $4,046 state average.

Although not shown in the accompanying chart of the ten most populated cities and towns in Metropolitan Denver, donors in Greenwood Village led the region with an average gift of $9,321 per itemizing taxpayer.

Although Highlands Ranch donors gave 2.7 percent of their income to charity – well below the 3.1 percent state average – there are many of them. 58 percent of taxpayers in this community made charitable gifts, second most of all cities and towns in Colorado. First in this category was the small town of Larkspur, just south of Denver, of which 59 percent of taxpayers deducted charitable contributions.

In fact, the Metropolitan Denver region is home to nine of the top ten communities in terms of percent of taxpayers that make charitable contributions (Larkspur, Highlands Ranch, Castle Rock, Parker, Erie, Evergreen, Franktown, Conifer, and Morrison). 56 percent of taxpayers in these communities make donations to charity.
A Call to Action

Colorado is a wonderful place to live filled with generous and compassionate people. However, our longstanding tradition of “neighbor helping neighbor” has been strained as the state has experienced an influx of people from other states seeking jobs, as well as an increase of immigrants, both legal and illegal, from other nations.

Our economy has also been impacted by the global financial meltdown, and many hardworking families are struggling to simply make ends meet.

It is understandable that many people feel burdened by requests for donations to charitable causes. This may especially be true in large urban settings where shifting populations are most acutely felt.

This report reveals that, while people of Colorado demonstrated tremendous generosity in 2006, charitable giving actually declined in the state compared to 2005. The $3.79 billion in 2005 giving dropped to $3.75 billion in 2005, a loss of 1 percent, or more than $40 million in real dollars.

The decrease in giving is even more pronounced in urban areas like Metro Denver. Donors in this region gave less than 3 percent of their incomes to charity on average, compared to other regions of the state that gave up to 3.8 percent.

The defeat of Amendment 51 on the November ballot may be a further sign of the mood in our state. The amendment would have provided thousands of children and adults with Autism, Down syndrome, Cerebral Palsy, and other disabilities with critically needed care through a modest, phased-in sales tax of two tenths of 1 percent. Many families have to wait 15 years for services, and with the defeat of the amendment, that list will continue to grow.

The nonprofits that help strengthen the economic and social fabric of our state are beginning to be overwhelmed by increased demands as a result of the faltering economy.

“It is getting harder to find transitional housing slots for families in emergency shelters,” explained Christine Benero, president and CEO of the Mile High United Way. “There is greatly increased need and the numbers of slots are decreasing as are the number of actual programs,” she added.

The Family Tree offers a continuum of services for families in the Denver metro area, concentrating in Jefferson County, to help people overcome homelessness, child abuse, and domestic violence. Last year the organization had to turn away, on average, 34 families per month due to a lack of space. In the last three months, they turned away an average of 90 families – nearly triple the average number last year due to increased need and lack of space.

The needs are great, so we must act now to help people turn their compassion into action by increasing their support for nonprofit organizations.

Despite economic uncertainties, Coloradans must recognize the irreplaceable role of nonprofits in their communities, and give at higher levels. Here are some suggested steps:

Businesses can recognize the importance of encouraging individual giving by offering matching gift programs, or making a serious effort to encourage involvement in programs like the annual United Way campaigns and other workplace giving options.

Nonprofits must engage the media to help raise public awareness of the countless ways they meet real human needs in the community. It is unacceptable that fellow Coloradans are homeless or hungry and we must all do our part to help.

While the study shows that Coloradans in higher income categories are the most generous people in the state, they must do more to help lift up those around them to increase giving at all income levels.

Government and the private sector – including financial planners, investment advisors and tax preparers – must do more to raise awareness of the tax benefits of charitable giving.

The Number One motivation for donors in the Association’s recent Generous Colorado: Why Donors Give study is because they believe it is “the right thing to do.” This means that nonprofits must do a better job of communicating their needs to an audience that may indeed be ready and willing to give more.

Greater efforts are needed to educate legislators and other elected officials about the important role of nonprofits in strengthening the fabric of our society.
Appendices

Appendix 1 – Sources of Data

Internal Revenue Service

To conduct this study, the Colorado Nonprofit Association acquired from the Internal Revenue Service (IRS) data from tax returns that were filed between January 1 and December 31, 2006 (the most recent data available from the IRS). Generally, these are Tax Year 2005 returns, although a limited number of late-filed returns for tax years before 2005 were also filed during this period. The data are based on administrative records (individual income tax returns) from the Internal Revenue Service’s Individual Master File (IMF) system, which includes a record for every Form 1040, 1040A, and 1040EZ filed with the IRS.

The data evaluated includes selected income and tax items classified by state, zip code, and amount of adjusted gross income. Data for every zip code in the entire United States was analyzed, enabling a broad comparison of Colorado to all other states, while also enabling a detailed evaluation of local areas of the state. Complex manipulation of the data resulted in analyses by cities/towns, counties and regions of the state.

Since the data we used for this study includes specific data for individual zip codes, there are some reporting qualifications worthy of mentioning. Several steps were taken by the Internal Revenue Service prior to release of the data to avoid disclosure of information about individual taxpayers. Zip codes from which fewer than 10 returns were filed were suppressed, and the data for these zip codes are not included in the totals.

Appendix 2 – Methods Used in This Study

Data Evaluated

For the purposes of county-by-county and region-by-region comparisons, this study evaluated only charitable contributions data recorded on Schedule A (Itemized Deductions) of taxpayers that itemize deductions using schedule 1040, 1040-A or 1040-EZ.

Cost of Living Adjustments

In order to make fair and accurate comparisons of generosity throughout the country, it is important that we first account for cost of living differences between states. For this reason, we have adjusted the Internal Revenue Service reported adjusted gross income for all contributors using a composite cost of living index developed by the Missouri Economic Research and Information Center (MERIC). MERIC uses data from the American Chamber of Commerce Researchers Association (ACCRA – now known as the Council for Community and Economic Research), which has created cost of living values for major cities and towns in the United States.

Our national cost of living adjustments resulted in significant changes to income for states with large metropolitan populations, mostly those in the northeast. In addition, large adjustments also occurred in Alaska, California, and Hawaii.

In order to make fair and accurate comparisons of generosity within the state, we made cost of living adjustments for each county, using a 2005 county-by-county cost of living table produced by the Legislative Council staff of the State of Colorado.
Sponsors

We are extremely grateful to the primary sponsor of this study:

Mile High United Way

Mile High United Way combines the collective strength of nonprofit organizations, foundations, local and state government, businesses and more than 40,000 individual donors. Together, we deliver long-term solutions for individuals and families in metro Denver, empowering them to achieve success in school and in life. We can do more together.

Further support was received from:

United Way of Southwest Colorado

United Way of Southwest Colorado has served Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties for 37 years. United Way works to keep communities healthy by generating resources and investing them in the best, local nonprofit organizations.

Acknowledgments

We are most grateful for authorship of this report by Charley Shimanski, former President and CEO of the Colorado Nonprofit Association and recently appointed President and CEO of the American Red Cross, Mile High Chapter.

This report would not have been possible without the support of:

• Peter Droegge – Vice President of Communications, Daniels Fund

• Sharon Knight – Project Director; Interim President and CEO, Colorado Nonprofit Association

• Sharon Prueitt – Membership Coordinator, Colorado Nonprofit Association

• Sara Raab – Researcher; Manager of Special Projects and Events, Colorado Nonprofit Association

• Martha Vail – Interim Director of Strategic Initiatives, Colorado Nonprofit Association

• Erin Spletzer – Communications Coordinator, Colorado Nonprofit Association

• Colorado Legislative Council
  General Assembly, State of Colorado

455 Sherman Street, Suite 207
Denver, CO 80203
(303) 832-5710
(800) 333-6554
www.ColoradoNonprofits.org
info@ColoradoNonprofits.org