

Racial Disparities in Charitable Giving: Evidence from Health Retirement Study

Di Qing, Carolina University¹
Ying Yan, Eastern New Mexico University²
Russell N. James III, Texas Tech University³
Corey Cole, Eastern New Mexico University⁴

Charitable giving keeps receiving growing attention and becomes an essential sector in the entire society and economy. Currently, charitable donation plays a critical role in social benefit redistribution (Aronsson et al., 2016). During the global Covid-19 pandemic and economic recession, charitable giving contributed a great portion in 2021. According to Giving USA, the total charitable giving in 2021 was estimated at about \$484.85 billion dollars, which was about 2% of the entire U.S. GDP. From the report conducted by Giving USA, there are four main contributors in the U.S. charitable sector, which are individuals, foundations, bequests, and corporations. Among the main contributors, individuals contributed about \$326.87 billion over the entire \$484.85 billion. Apparently, individual contributors are the most important contributors to the U.S. charitable sector.

This study aims to examine the racial/ethnic disparities in charitable giving. The motivation for donating to charity includes monetary benefit (Clotfelter, 1997), bequest motive (Lehman & James, 2018), personal gratification (Monroe, 1994), and self-esteem (Clary & Snyder, 1995). Donations to nonprofit organizations raised the interest in donating due to tax deductibility (Clotfelter, 1997), as a result, donors will have higher “net income”. Lehman and James (2018) highlighted the bequest motive in charitable donations. Applying altruism theory (Becker, 1976), Monroe (1994) reviewed the literature from a self-interest perspective and found that giving and helping “family” increased personal gratification. Donors treat the whole society as a “family” and will try to maximize “family” consumption resulting in high levels of personal utility (Becker, 1976).

According to the altruism theory and rational choice theory, individuals tend to donate to charity not only having monetary benefits (Clotfelter, 1997), but also enhancing personal satisfaction (Monroe, 1994; Clary & Snyder, 1995). This study mainly focused on the giving behavior of older respondents from a racial/ethnic perspective. This study merged the 2018 Health Retirement Study (HRS) Core and Rand version datasets to examine the racial/ethnic disparities in charitable donation. HRS is a longitudinal panel study that surveys a representative sample of approximately 20,000 people in the U.S., sponsored by the National Institute on Aging (NIA) and the Social Security Administration. In this study, the analytic sample includes 13,092 older adults.

According to the empirical results, race/ethnicity is statistically significant, then the decomposition estimation is utilized. Recall that HRS measured different racial/ethnicities; this study mainly focuses on White, Blacks, and Hispanics. According to Table 3, the difference across groups ranges from 0.0715 to 0.2498. When comparing the difference in donation behavior between Whites and Blacks, total wealth contributed the most factors (33.10%), and marital status followed by 19.68%. The results are different when comparing Whites and Hispanics. In Table 3, educational attainment and total wealth play an essential role in determining the gap in donating to charity. Notably, life insurance ownership (66.71%) and educational attainment (44.40%) are the most important factors in donating to charity when compared to Blacks and Hispanics.

¹ Di Qing (qingd@carolinau.edu), Assistant Professor, Patterson School of Business

² Ying Yan (ying.yan@enmu.edu), Assistant Professor, College of Business

³ Russell N. James III (Russell.james@ttu.edu), Professor, Department of Personal Financial Planning

⁴ Corey Cole (corey.cole@enmu.edu), Assistant Professor, College of Business

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