Data description

I use 2003 and 2005 waves of the Center on Philanthropy Panel Study (COPPS), the Philanthropy Module of the PSID. I link the information from the COPPS with the PSID individual data on each respondent and create an unbalanced panel of individuals over two years. I restrict my sample to household heads and wives since the PSID contains demographic information only for these groups. Eliminating the observations with missing key variables yields a representative sample of 31092 observations over two years. I labeled this data set as "attend.dta".

Tax price

PSID contains a question which obtains information on whether the respondent itemized deductions or not. In order to calculate the marginal tax rates for each individual at a given year, I use National Bureau of Economic Research (NBER)'s TAXSIM model (version 9.0). This program is available online (http://users.nber.org/~taxsim/taxsim-calc9/index.html). This model inputs information on household income, state of residence, marital status, number of children, age, child care expenses, itemized deductions such as charitable donations and health care expenses, mortgage interest payments, and property taxes or rent paid and outputs federal and state marginal tax rates for each individual.

The variables that I have uploaded to TAXSIM are as follows (Variables that are not available are coded as zero):

TAXSIM variable	Corresponding variable in attend.dta
Case ID	ida
Tax year	year
State	state
Marital status	mstat
Dependent exemptions	depx
Number of tax payers over 65 years of age	agex
Income of taxpayer	income
Income of spouse	zeros
Dividend income	zeros
Other property income	zeros
Taxable pensions	zeros
Social security benefits	zeros
Other non-taxable income	zeros
Rent paid	rentpaid
Real estate taxes paid	proptax
Itemized deductions, i.e., medical expenses	otheritem
Child care expenses	childcare
Unemployment compensation	zeros
Number of dependents under 17	depx

Other deductions, i.e., mortgage interest	mortgage
Short term capital gain/loss	zeros
Long term capital gain/loss	zeros

I compute the after-tax price of giving, which incorporates charitable contributions, as 1-*t* for those who itemize deductions and 1 for those who do not, where *t* is the sum of the federal and state marginal tax rates that the donor faces. This resulting variable is labeled as "price".

I also calculate the first-dollar price of giving, which excludes the charitable contributions. This variable is labeled as "eprice".

I calculate an alternative measure of price, for which I kept household income fixed. That is, I estimate the change in tax price for each individual by holding income constant in both periods and estimate the tax price in each period at the same income level. This variable is labeled as "nprice".

Another alternative measure of price is derived using the predicted income instead of actual income. I first predict household income based on the exogenous characteristics included in the empirical models such as age, sex, race, marital status, family size, number of children, educational attainment, and employment status. I then use this predicted income to calculate marginal tax rates in the same fashion as with actual income. This variable is labeled as "aprice".

Replication of empirical results

The stata do file "attend.do" replicates the results reported in Tables 1 to 8 and in online appendix.