

Regulation of Nonprofits and Philanthropy Research Project

Center on Nonprofits and Philanthropy
Tax Policy and Charities Initiative

Regulation of Nonprofits and Philanthropy is a research project of Urban Institute’s Center on Nonprofits and Philanthropy. Organized in conjunction with the Tax Policy and Charities initiative at the Urban-Brookings Tax Policy Center, the Regulation project will focus on empirical research that addresses the current status of the regulatory system and the effects of regulations on nonprofit organizations and philanthropy.

The nonprofit and philanthropic sector in the United States is at a juncture unlike any seen in recent history. Policymakers and those concerned with an effective civil society are at a critical point where changes in the sector require a fresh empirical analysis of the regulatory framework for the sector. We need to question basic assumptions and consider new policy and regulatory recommendations. Given the seismic shifts across the sector in size, makeup, and financing, contrasted with the organic growth of the 500-year history of charities regulation, “regulatory lag” may be impacting a sector that is uniquely at the intersection of rapid growth and innovation, subsists on small margins for its services, and is generally unaccustomed to overt advocacy for changes in regulation when needed.

Using a mix of research methodologies and data sources, the project will fill gaps in knowledge and host discussions that will begin to address the strengths and weaknesses of the current regulatory framework and make recommendations to promote a regulatory framework that is elastic enough to encompass the significant changes taking place in the nonprofit and philanthropic sector.

This project will complement the work already being undertaken by the Center on Nonprofits and Philanthropy and the Tax Policy and Charities initiative. The initiative will embrace two research components:

1. a robust research agenda addressing the dearth of empirical research on the elements and effects of state regulation on nonprofit functionality and efficiency; and
2. a research program that illuminates the current status of the regulatory system and provides a platform for developing and discussing an integrated, holistic regulatory framework for the



nonprofit sector. It will address the interaction of the state and federal regulatory regimes in the United States with an eye toward eliminating redundancies and promoting transparency.

The new program will fill a void in current research and policy analysis.

The Regulation project will entail a multiyear effort, involving experts in various disciplines, and be a benchmark for charities regulation for decades to come. Urban Institute is the ideal locus for such an undertaking, with its ability to convene regulators, other policymakers, economists and tax experts, and the leadership of the charitable sector. This project will have international an interest as well; in assessing and proposing improvements to the US sector, the international community will be interested in both learning from our initiative and in sharing with us their own experiences in developing a regulatory framework.

The first convening developed and hosted by the Regulation project was **Data Collection, Sharing, and Transparency in the Tax-Exempt Sector** held in December 2015. The project report, *State Regulation and Enforcement in the Charitable Sector*, was released in September 2016. It is available at <http://www.urban.org/research/publication/state-regulation-and-enforcement-charitable-sector>.

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