

**Regulation of Nonprofits and Philanthropy Project  
Center on Nonprofits and Philanthropy  
Urban Institute**

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**I. Introduction to the Regulation of Nonprofits and Philanthropy Project**

**A. Overview of the Project**

Urban Institute’s Regulation of Nonprofits and Philanthropy project, founded and led by Elizabeth T. Boris and Cindy M. Lott, conducts research on the regulatory framework of the nonprofit sector (<https://www.urban.org/policy-centers/center-nonprofits-and-philanthropy/projects/regulation-charitable-sector-project>). The Regulation Project’s major goals are threefold: 1) document, 2) enhance understanding of and 3) promote dialogue on the state and federal regulatory framework and its effect on charities, philanthropy, and the nonprofit sector in the US. The Regulation Project was founded in 2015 at Urban Institute, subsuming the state-focused research, trainings and program offerings housed at Columbia Law School from 2006-2015 as the “Charities Regulation and Oversight Project,” developed and led by Cindy M. Lott within the National State Attorneys General Program at Columbia University.

The Regulation of Nonprofits and Philanthropy Project has created and published new research and organized convenings where policymakers, regulators, researchers, and practitioners address major topics and challenges regarding the regulatory framework affecting nonprofits and philanthropy in the US. A major contribution of the project are the free online legal resources that it has created and made available to the public.

The *Legal Compendium*<sup>1</sup>, is a publicly available online resource that identifies important legal requirements for nonprofits in 56 U.S. states and jurisdictions, created in consultation with state charities regulators. Subsequently, this Legal Compendium was used by Cindy M. Lott and co-authors to create the empirically based *Regulatory Breadth Index (RBI)*,<sup>2</sup> published in 2022, which includes more than 40 statutory variables for the regulation of nonprofits at the state level. This public Index, designed to promote understanding of the role and potential impact of state-level nonprofit regulation, is available for researchers to use in their work across a spectrum of disciplines. Interest in this data has grown as increasing numbers of scholars and practitioners use the Legal Compendium to conduct research.

Currently, the Regulation Project is developing an expanded legal data resource that will combine the Legal Compendium data with textual information compiled by Dr. Teresa Harrison. When completed, this new dataset will be available on the National Center for Charitable Statistics website and on the Nonprofit Panel Data Project platform funded by the National Science Foundation.

## **B. The Critical Role of the Regulation of Nonprofits and Philanthropy Project**

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 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 recent 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 at the intersection of rapid growth and innovation, subsists on small margins for its services, and is generally unaccustomed to advocating for changes in regulation when needed. The Regulation Project has developed a research program that provides empirical legal and other research, convenes experts within the policymaking, research, and practitioner communities, and provides a forum for helping to envision a regulatory framework that is elastic enough to encompass, and even enable, the evolutionary leap taking place in the nonprofit and philanthropic sector at this time.

Policymaking is an iterative process, one that ideally relies on evidence-based recommendations. For almost 20 years in its two iterations, the Regulation Project has produced research and involved regulators, researchers, and practitioners in discussing specific

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<sup>1</sup> Lott, C. M., Shelly, M., Kunstler Goldman, K., Johns, B., Sheikh, F., Farrell, M., Gaddy, M., Greenleaf, R., *Legal Compendium*. (2019).<sup>1</sup> Urban Institute. <https://www.urban.org/policy-centers/center-nonprofits-and-philanthropy/projects/regulation-charitable-sector-project> 2019.

<sup>2</sup> Lott, Cindy M., Mary Shelly, Nathan Dietz, and George E. Mitchell. 2022. “Regulatory Breadth Index: A New Measurement of State-Level Charity Regulation”. *Nonprofit Management and Leadership*. 33(3), 633-645. DOI: 10.1002/nml.21536.

challenges in nonprofit regulation, and provided a forum for identifying and discussing proposed solutions. The project has also disseminated this information broadly in publications and presentations.

The Regulation Project has two research components: 1) a research program that illuminates the current status of the regulatory system and provides a platform for developing and discussing improvements to it; and 2) a robust research agenda that addresses the dearth of empirical research on the elements and effects of state regulation on nonprofit functionality and efficiency. It includes the interaction of the state and federal regulatory regimes identifying redundancies and ways to promote transparency.

Dissemination is a major third component of the Regulation Project. We present project research in meetings that we host, and in scholarly and practitioner forums, organizing sessions that facilitate interaction among state regulators, among state and federal regulators, and among regulators, researchers, and nonprofit practitioners. These interactions enable state regulators to assess the efficacy of the structures and practices in their states and compare their states with others, leading to diffusion of innovation and effective practices. The Project also encourages research on regulation among nonprofit scholars and regulators, engaging them as co-authors and providing a venue for discussing their research in meetings organized by the Project, both in person and virtually. At this point in our work on nonprofit regulation, we have a reputation for bringing together outstanding people to learn about and discuss critical issues for the nonprofit sector.

## **II. The Four Phases of the Regulation of Nonprofits and Philanthropy Project**

### **A. First Phase**

With funding from the Mott Foundation, The Urban Institute's Center on Nonprofits and Philanthropy became the home for research on state nonprofit regulatory work that had previously been undertaken through The Charities Regulation and Oversight Project ("Charities Project"), part of the National State Attorneys General Program at Columbia Law School under the leadership of Cindy M. Lott. In this first phase of the research, we focused on state attorneys' general jurisdiction over the charitable sector but expanded the scope of the project to encompass the entire regulatory framework of the charitable sector, including all state and federal charities officials and jurisdiction.

### **B. Second Phase**

In the second phase of the research, using *State Regulation and Enforcement in the Charitable Sector* by Cindy M. Lott, Elizabeth T. Boris *et. al.*, a report on the ground-breaking survey we

conducted for the project as the basis for discussion, we identified existing research, needs, and gaps. Using the data from that study and other sources, we held a major meeting, completed reports and articles, gave presentations, and collaborated with the Federal Trade Commission on a regulatory conference.

### C. Third Phase

In the third phase of the Project, we updated portions of the Legal Compendium and focused on publishing and presenting research in various fora, including two online briefs, *Bifurcation of State Regulation of Charities: Divided Regulatory Authority Over Charities and Its Impact on Charitable Solicitation Laws*<sup>3</sup>, and *State Regulation of the Charitable Sector: Enforcement, Outreach and Staffing*<sup>4</sup>, as well as a blog article<sup>5</sup>; some of the project data was used for other research.<sup>6</sup> We made presentations at major sector, regulatory, and legal education venues.

### D. Fourth, Current Phase

In the current phase of the project, we are: 1) updating the entire Legal Compendium; 2) developing a symposium for Spring 2024 that will be an overview of major current regulatory issues in the philanthropic and nonprofit sector and potential future changes; 3) with a separate, additional grant, we are enhancing the Legal Compendium into a form that will be integrated into two major sector data platforms. First, the Legal Compendium data will be combined with Legal Text Data compiled by Professor Teresa Harrison at Drexel University. In collaboration Jesse Lecy, director of the National Center for Charitable Statistics (NCCS), we are working out the logistics of adding the combined legal dataset to the NCCS webpage.

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<sup>3</sup> Lott, Cindy M., Mary L. Shelly, Nathan Dietz, and Marcus Gaddy, *Bifurcation of State Regulation of Charities: Divided Regulatory Authority Over Charities and its Impact on Charitable Solicitation Laws*. Washington, DC: Urban Institute (2018) found at <https://www.urban.org/research/publication/bifurcation-state-regulation-charities>.

<sup>4</sup> Adelstein, Shirley, and Elizabeth T. Boris, 2018. "State Regulation of the Charitable Sector: Enforcement, Outreach, Structure, and Staffing." Washington, D.C.: Urban Institute: <https://www.urban.org/research/publication/state-regulation-charitable-sector>.

<sup>5</sup> *Why Do Some States Enforce Charity Regulations More than Others* (Adelstein and Boris, 2018) <https://www.urban.org/urban-wire/why-do-some-states-enforce-charity-regulations-more-others>.

<sup>6</sup> "Testing Nonprofit State Culture: Its Impact on the Health of the Nonprofit Sector" which was published in *Nonprofit Policy Forum* (November, 2018) [https://www.researchgate.net/publication/328729120\\_Testing\\_Nonprofit\\_State\\_Culture\\_Its\\_Impact\\_on\\_the\\_Health\\_of\\_the\\_Nonprofit\\_Sector](https://www.researchgate.net/publication/328729120_Testing_Nonprofit_State_Culture_Its_Impact_on_the_Health_of_the_Nonprofit_Sector).

Second, the merged legal dataset will then be prepared for integration into the Nonprofit Panel Data Platform, a major advance in the data available about U.S. nonprofits. The Panel project, currently underway through a partnership of the Urban Institute, American University, George Mason University and Georgia Institute of Technology and funded by the National Science Foundation, is creating a sector-wide data sharing platform that will allow researchers to link annual survey information from a nationally representative panel of nonprofits with other data sets such as Forms 990, Census of Services, and others. Adding the merged legal data to the Panel data platform will expand the utility of those legal data and allow them to be linked to a wide variety of data sets, expanding their accessibility and use for understanding nonprofit regulation. The extensive nature of such a combined dataset presents enormous opportunities for detailed study of differences in state-level legal processes and how those processes affect the activities and viability of nonprofit organizations.

At the conclusion of this process, we plan to undertake analyses of these enriched data in collaboration with other interested researchers.

### **III. Research and Analysis**

#### **A. Publications**

Lott, Cindy M., Mary Shelly, Nathan Dietz, and George E. Mitchell. 2022. "Regulatory Breadth Index: A New Measurement of State-Level Charity Regulation." *Nonprofit Management and Leadership*. 33(3), 633-645. DOI: 10.1002/nml.21536.

Lott, Cindy M., Mary L. Shelly, Nathan Dietz, and Marcus Gaddy, Bifurcation of State Regulation of Charities: Divided Regulatory Authority Over Charities and its Impact on Charitable Solicitation Laws. Washington, DC: Urban Institute (2018) found at <https://www.urban.org/research/publication/bifurcation-state-regulation-charities>.

Adelstein, Shirley, and Elizabeth T. Boris, 2018. "State Regulation of the Charitable Sector: Enforcement, Outreach, Structure, and Staffing." Washington, D.C.: Urban Institute: <https://www.urban.org/research/publication/state-regulation-charitable-sector>.

Adelstein, Shirley, and Elizabeth T. Boris. 2018. "Why Do Some States Enforce Charity Regulations More than Others?" *Urban Wire*, June 18, 2018. <https://www.urban.org/urban-wire/why-do-some-states-enforce-charity-regulations-more-others>.

Pettijohn, Sarah & Boris, Elizabeth T. "Testing Nonprofit State Culture: Its Impact on the Health of the Nonprofit Sector." *Nonprofit Policy Forum*, 9(3) (2018), pg 1-13.

Lott, Cindy M. and Marion Fremont-Smith, *State Regulatory and Legal Framework*, in *Nonprofits and Government: Collaboration and Conflict*, Elizabeth T. Boris and C. Eugene Steuerle (Eds.), Lanham, MD: Rowman & Littlefield, 2017, 163-190.

Boris, Elizabeth T. and Cindy M. Lott. 2017. "Reflections on Challenged Regulators." *Regulating Charities: The Inside Story*. Edited by M. McGregor-Lowndes and R. Wyatt. New York, NY: Routledge.

Dietz, Nathan, Cindy M. Lott, Putnam Barber, and Mary Shelly, *State Charitable Solicitations Registration Regulations and Fundraising Performance: Theoretical Considerations and Preliminary Results*. *Nonprofit Policy Forum*, 8(2), 2017, 183-204.

Lott, Cindy M., Elizabeth T. Boris, Karin Kunstler Goldman, Belinda J. Johns, Marcus Gaddy, and Maura Farrell. 2016. *State Regulation and Enforcement in the Charitable Sector*. Washington D.C.: The Urban Institute.

Lott, Cindy M., Ed., conference papers for *The Future of State Charities Regulation, Charities Regulation and Oversight Project*, National State Attorneys General Program, Columbia Law School, published online, Columbia University's Academic Commons ([https://academiccommons.columbia.edu/?f%5Bseries\\_facet%5D%5B%5D=2013+Charities+Regulation+and+Oversight+Project+Policy+Conference](https://academiccommons.columbia.edu/?f%5Bseries_facet%5D%5B%5D=2013+Charities+Regulation+and+Oversight+Project+Policy+Conference)), New York, 2013.

## **B. Research Tools:**

- The Project's *Legal Compendium* is an online resource summarizing legal requirements for nonprofits in 56 U.S. states and territories. In addition to updating the data in the *Compendium* to reflect changes in and updates to the law, we also expanded the data to include information on requirements for charitable solicitation in each jurisdiction. The *Compendium* is a tool for research in the form of a spreadsheet and can be downloaded from the Project website page at: <https://www.urban.org/policy-centers/center-nonprofits-and-philanthropy/projects/regulation-charitable-sector-project>.

- *Regulatory Breadth Index*, developed by Cindy M. Lott and colleagues and discussed in the paper, *Regulatory Breadth Index: A New Measurement of State-Level Charity Regulation*, is a new tool useful for analysis and research on regulation of the nonprofit sector.
- *Data integration Project* comprises 1) the merger of the Regulation Project's Legal Compendium data with the Legal Text Data developed by Dr. Teresa Harrison at Drexel University; 2) the integration of the merged datasets and methods into the updated National Center for Charitable Statistics (NCCS) platform (housed at Urban Institute), and 3) the preparation of the methodology and infrastructure to enable integration of the merged legal dataset into the Nonprofit Panel Data Platform. With funding from the National Science Foundation, this collaborative effort harnesses the latest technology to create a comprehensive and innovative nonprofit data and research sharing platform.

This new dataset will enable investigation of nonprofit regulatory effects and enhance our ability to conduct fine-grained analysis of the relationship of nonprofit regulation to charitable governance, agility, financial well-being, and much more. Making the expanded data more widely available on these new generation nonprofit data platforms will ensure that research on nonprofit regulatory issues is institutionalized and facilitated. Larger scale, replicable studies will become possible, a tremendous contribution to legal and regulatory scholarship and practice. This multidisciplinary and multi-institutional team (Elizabeth T. Boris (Urban Institute), Cindy M. Lott (Indiana University and Urban Institute), Teresa Harrison (Drexel University), Lewis Faulk (American University), Mirae Kim (George Mason University), Jesse Lecy (Urban Institute, NCCS) will ensure that the legal data are accessible and useful for a wide variety of analyses.

### C. Major Convenings

**Spring 2024:** A symposium on *The Future of Nonprofit Regulation in the United States* is scheduled for April 18 and 19 at the Urban Institute. *Nonprofit Policy Forum*, a public policy journal, has committed to devoting a special issue to presentations and papers from this symposium. The four main themes for papers and discussions are:

- First Amendment Issues: donor privacy, topics related to freedom of speech, association, religion, etc.
- Civic Engagement Issues: equity, justice, and other nonpartisan issues, get-out-the-vote activities, partisan advocacy, political work, related entities (501c4s, PACs), etc.
- Federal/state/local/and cross-sector relationships: enforcement, administrative infrastructure, information sharing, costs, data, transparency, public-private partnerships, collaborations, etc.

- International regulatory frameworks that may inform US nonprofit regulation: new models, strengths, challenges, research gaps, etc.

**March 2021:** *Data and Technology: Resources and Implications for Nonprofit Regulation and Oversight*

**December 2019:** *What We Know; What We Need to Know and the Future of Nonprofit Regulation*

**September 2017:** *Emerging Issues in Philanthropy*

**December 2015:** *Data Collection, Sharing, and Transparency in the Tax-Exempt Sector: at the Intersection of Regulators, Technology and Sector Stakeholders.*

**D. Dissemination of Regulation Project Research at Annual Conferences (multiple years for each)**

Association for Research on Nonprofit Organizations and Voluntary Action, ARNOVA (academic researchers)

Association for Public Policy Analysis and Management, APPAM (academic researchers)

American Political Science Association, APSA (academic researchers)

Georgetown Continuing Legal Education (legal practitioners)

National Association of Attorneys General Standing Committee, Charities Oversight, NAAG

National Association of State Charities Officers, NASCO (state regulators and practitioners; present annually on public day and private, regulator-only day)

**IV. Regulation Project Advisory Committee**

Regulation Project Advisors are convened semi-annually in virtual or in person meetings. Advisors provide insights and guidance for the Project’s work in substantive conversations about the nonprofit regulatory system. Advisory meetings also facilitate sharing new research and data resources as well as knowledge about and use of Regulation Project materials.



**Advisors:**

Alan J. Abramson, George Mason University  
Courtney Aladro, Massachusetts Attorney General Office  
Putnam Barber, Nancy Bell Evans Center  
Angela Bies, University of Maryland  
Tim Delaney, National Council of Nonprofits  
Nathan Dietz, University of Maryland  
Brian Galle, Georgetown University  
Karen Gano, (formerly Connecticut Attorney General Office)  
Alissa Gardenswartz, Walmart (formerly Colorado Attorney General Office)  
Karin Kunstler Goldman, New York State Department of Law, Charities Bureau  
Ruth Madrigal, KPMG (formerly U.S. Treasury Department)  
Amy Coates Madsen, Maryland Nonprofits  
Lloyd Hitoshi Mayer, Notre Dame University  
George Mitchell, City University of New York  
Una Osili, Indiana University  
Cinthia Schuman Ottinger, Aspen Institute  
Marc Owens, Loeb & Loeb, LLP (formerly IRS Exempt Organizations Division)  
Sue Santa, Girl Scouts of America (formerly Council on Foundations)  
Eugene Steuerle, Urban Institute  
John Tyler, Kauffman Foundation

**Former members:**

Marion Fremont-Smith (deceased; formerly Harvard University)  
Belinda Johns (formerly Charities Division, California Department of Justice)