7th Annual Symposium on Public Policy for Nonprofits

Monday, December 10, 2018

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Takeaways for Researchers and Nonprofit Leaders

Notes from the 2018 ARNOVA Policy Symposium

The 7th ARNOVA Symposium on Public Policy for Nonprofits convened on Monday, December 10, 2018. The roundtable discussion included 35 nonprofit leaders and researchers representing a diverse group of organizations and entities. The event was organized by the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) and hosted at the Independent Sector in Washington, D.C.

Shariq Siddiqui, Executive Director of ARNOVA, welcomed the attendees and highlighted the importance of public policy as one of the five pillars of ARNOVA's work. Angela Eikenberry, the incoming President of ARNOVA, and Alan Abramson, the outgoing President of ARNOVA and organizer of the symposium, then outlined the purpose of the gathering. Eikenberry and Abramson stressed how this year's objectives included a focus on breaking down silos between the research and practitioner communities and noted how those communities were well-represented by the symposium attendees. As noted in the meeting materials, "the broad goal of the symposium [was] to deepen collaboration between nonprofit sector leaders and nonprofit researchers where appropriate. To advance this goal, three sessions [engaged] sector leaders and researchers in dialogue around three important issues: an index of the health of the nonprofit sector, oversight of the nonprofit sector, and policy toward donor-advised funds. A fourth session [explored] some specific approaches to furthering sector leader-researcher collaboration."

Eikenberry and Abramson then opened the Symposium which was structured around "kickoff comments" by session moderators, focusing on each of the themes mentioned above. The second half of each session opened the floor to comments and discussion by those in attendance.

The following report summarizes the kickoff comments, remarks, and discussions for each session in order to disseminate the Symposium's proceedings to nonprofit leaders, researchers, and funders. Each summary focuses on the overall purpose of each brief as presented and the central issues raised by the authors, discussants, and symposium participants.

Session 1: Toward an Index of the Health of the Nonprofit Sector

Kickoff Comments:
Alan Abramson, George Mason University
Jon Pratt, Minnesota Council of Nonprofits

Purpose

To develop real-time indicators of the health of the nonprofit sector similar to what the Dow Jones and other measures provide for the for-profit sector.

Overview

In the kickoff comments, Abramson and Pratt discussed how the for-profit sector has common "health" indicators, such as the Dow Jones Index, which are updated on a daily basis and provide a general understanding of the health of the economy and markets over time. Currently, some indicators of the financial health and other aspects of the nonprofit sector exist, including, for example, estimates of donation trends from Giving USA and volunteer numbers from the Corporation for National and Community Service. However, unlike indicators for the for-profit sector, health indicators for the nonprofit sector are infrequently reported, mostly annually or less frequently. There is also a time-lag of 18 months to two years between the time the data are reported by nonprofits (such as through their IRS Form 990 Tax Information Returns) and when they are analyzed and published. Abramson asked, "How can we do a little bit better? How can we get more timely information on the nonprofit sector?"

Abramson then discussed how the idea of a health index for the nonprofit sector has been developed to address these issues through ongoing meetings, including at the Independent Sector and ARNOVA conferences, and in one-on-one and small group conversations. The meetings have focused on determining the best indicators for what participants "think about when they think about the health of the nonprofit sector – to know if the sector is in good shape or not?" To date, several key indicators have surfaced through these conversations, including the following:

o   Financial flows, including funding from charitable giving, government, earned revenue;
o   Human resources, including paid employment and volunteers; and
o   Diversity and equity indicators

Most of these indicators are tracked to some extent, with the common time lag and other problems mentioned above. Beyond the common problems in collecting and reporting current data, Abramson noted another important issue is that, similar to national economic measures, aggregate indicators may hide very different trends that are occurring in different sub-populations, with economic gains not shared equally. The same is true of national indicators of the nonprofit sector – when we see general indicators trending up, some subsectors and other subgroups of organizations in the population do not see those same gains.

Abramson noted additional issues that are not being tracked adequately, if at all, by current nonprofit indicators even though they are important to the sector. One activity in need of better measuring is the level of engagement by nonprofits in advocacy and the policy process,. In addition, while understanding financial trends, such as charitable revenues, is important, Abramson discussed how the sector needs to have better ways to track and report impact – as challenging as that is – to show, "what are nonprofits doing with that revenue?" Measures of nonprofits' ethical and legal compliance and behavior are also needed, especially with frequent scandals in the news signaling challenges to the way nonprofits may be active.

Abramson went on to discuss the need for quality indicators that are not prohibitively expensive to collect and that can be collected and reported in a timely way. He pointed out that some indices of

sector health include over 80 data points, but that it is difficult to sustain such measurement and reporting over time. Instead, he called for greater use of existing data that could inform nonprofit sector health. He cited the work by Lester Salamon and others at Johns Hopkins who are making use of existing employment data from the Bureau of Labor Statistics to gain a more detailed understanding of nonprofit sector employment over time. He is interested in other government data sources like the BLS that could be tapped for this work.

Beyond sources of potential data and the likely need to collect original data to supplement existing sources, Abramson also highlighted other significant challenges. First, there is the longstanding challenge of adequately measuring impact and performance in the nonprofit sector. Even though many nonprofits attempt to measure their own impact, aggregating impact across organizations or the sector as a whole is a significant challenge. The Urban Institute and others are developing potential standardized measures of performance that could be aggregated within subsectors. However, even if those standardized measures can be implemented in practice, the challenge of aggregating across subfields and determining the best measures for sector-wide impact on society remains. Furthermore, even if these data could be collected, ongoing questions include who would collect them, how would they be analyzed and reported, and who would the audiences be?

Abramson then wrapped up his comments, summarizing that this is a work in progress, and that he was interested in other thoughts and perspectives from the group.

Jon Pratt then introduced his kickoff comments, which were informed by his work through the Minnesota Council of Nonprofits. Like Abramson, Pratt discussed that there are many potential indicators that could inform researchers, practitioners, and the public of nonprofit sector "health." In his comments, he focused on the importance of tracking nonprofit employment statistics, and especially wages in the sector. He noted that these data are especially important to track as nonprofits respond to changes in public policy, such as increases in state and local minimum wages. He explained that the Council of Nonprofits supported raising minimum wages in Minneapolis and Minnesota, but questions remain on how such increases will impact the sector.

Pratt explained that there are three ways to potentially track nonprofit wages and employment. First, you could collect data through self-reports, such as biannual salary surveys to understand how nonprofits make decisions on salaries. However, ideally you would want more frequent data. He reflected that in Minnesota, they tried to start quarterly reports with funding from Wells Fargo, but it was easier said than done and resulted in less data than they had hoped. Second, you could track the data through Form 990 reporting to the IRS. However, the delay in reporting and other problems with 990 data prevent that data source from being ideal.

Finally, Pratt highlighted comments made by Abramson about being able to use existing BLS employment data for such purposes. Advantages to this third approach include regular quarterly reports on employment, wages, and numbers of firms; the ability to compare nonprofit sector trends with for-profit and government sectors, and the ability to disaggregate by geographic region and subsector industry. As an example, Pratt cited analysis using Minnesota employment data over 25 years that showed that nonprofits grew faster than the state's economy over that time. However, once higher education and hospitals (which have grown faster than the rest of the sector) are removed, the number of nonprofit employers with at least one employee declined over the last 10 years. He noted the usefulness of this approach discussing how they were able to determine that even though the number of organizations declined overall, employment actually increased in Minnesota's sector over that time period, which was in part through consolidations and mergers. The data also showed a compression of wages in Minnesota; the historical wage gap between nonprofits and other sectors shrank over the last 10 years to the point where nonprofit wages are now on par with government.

Pratt concluded that even though there are clear benefits to using existing data sources, as described above, there is still a time lag in the ability to analyze and report, with releases of employment data lagging by around 7 months on average. Pratt urged consideration of alternative data sources that may be available that have not yet been tapped. He suggested innovation in this approach, including efforts to tap into other potential partners who regularly collect employment data. As an example, Pratt discussed how large national organizations such as Equifax routinely collect payroll information, which is uploaded every pay period in Equifax's work number system. These data are currently used for Equifax's core business, including to inform loan approvals and real-time income verification. Therefore, such real-time data sources could potentially identify and report nonprofit wage and employment data with quicker and more comprehensive coverage than other sources discussed. Pratt suggested that such innovative and real-time indicators, if developed or leveraged through partnerships, could provide quick "blood sugar test" indicators of the sector similar to indicators that are used to assess the health of the general economy over time.

Summary of Discussion by Participants

Abramson and Pratt then moderated an open discussion from all attendees, which followed five general themes: (1) questions and comments regarding the framing of the Nonprofit Health Index Project, (2) current data sources that potentially could be used for the project and problems with those current data sources, (3) potential new data collection that could inform the project and issues related to new data collection, and (4) the intended audiences and potential uses of the nonprofit sector health data.

1.   *Framing the Nonprofit Health Index Project:* In the discussion of the project scope and framing, participants raised a few points of caution for the project. First, participants warned that by choosing specific metrics to track, the project would be suggesting what is most important for the sector's health. For instance, if the measures focused heavily on financial indicators, then it would endorse finance as the most important aspect of nonprofit sector work and impact. One participant argued that common financial indicators such as low liquidity, low margins, or operating deficits are all "part of daily life of nonprofits." Therefore, it was asked whether such financial benchmarks would be appropriate measures of health in the sector or just be representative of the "standard operating environments of nonprofits." To avoid these problems, it was suggested that the project could first start by identifying what most people in the sector value as the most important indicators rather than just compiling an index of available measures.

Other attendees suggested that the project presented opportunities to meaningfully engage researchers and practitioners in identifying and developing valid measures of nonprofit sector health. One suggestion that received broad support was to think about developing a "dashboard" approach to frame the project around multiple "health" indicators rather than a single index. One participant pointed out that the Dow Jones only tracks relatively few companies and is used for investment decisions in the for-profit sector. Doubt was raised on whether such a single metric would be useful for investment decisions in the nonprofit sector or to guide policy decisions. Abramson and Pratt recognized that the Dow Jones was an imperfect analogy. Instead, participants suggested making analogies to healthcare, where multiple indicators are important to track, including heart rate, blood sugar, and a variety of other measures of health instead of just one. This led to suggestions to frame the project around developing diverse measures that accurately represent distinct issues that could be related to nonprofit sector trends and impact rather than developing a single index. Discussion of the dashboard approach included the potential to develop a series of measures following logic model and cost-benefit frameworks that are commonly used in the sector, such as categorizing indicators by inputs, outputs, and outcomes.

Finally, questions were raised about the timeframes that measures would focus on and how inclusive the measures would be to represent the broader field. For timelines, would measures focus on comparisons of long-term trends, cyclical trends, or short-term changes? It was suggested that having indicators that could inform all three would be helpful. Short-term change indicators would be especially important to evaluate impacts of public policy reform, such as changes in donation levels following tax reform. Concerning inclusiveness of the project to the broader field, one participant wondered if measures should include trends on civil society rather than just the formal nonprofit sector. This issue was not fully resolved in the discussion, but it was suggested that broader civil society indicators could be separately tracked beyond this project.

2.   *Current Data Sources*: The next prominent theme of the discussion focused on current data sources that could be used in the project and their current shortcomings. Participants suggested various data sources, including financial indicators from 990 data available from the IRS, GuideStar, and other potential partners; data from surveys from the Nonprofit Finance Fund; real-time indicators from social media feeds; the Growth in Giving Database and Fundraising Effectiveness Project from the Association of Fundraising Professionals, the Urban Institute, and other partners; and data from the Giving Tuesday Data Project. Participants noted that using existing data sources in new ways may seem like low-hanging fruit to explore. It was suggested that the project may be able to use data that comes from the 990, especially when analyzed over time for many questions, including (1) tracking organizational growth, (2) identifying organizational trouble, and understanding red flags regarding when organizations are getting into trouble, (3) understanding more about new organizations entering the field using electronic IRS Form 1023 data, and (4) solving other tricky problems, such as how to more validly understand when an organization has gone out of business, which currently relies on observing when organizations drop off the IRS Business Master File.

Shortcomings of the current data sources participants discussed were widely recognized by the group. IRS Form 990 data was discussed as an important common source of general financial information on the sector, but current time lags between paper filing and data processing present significant challenges to having real-time indicators of the sector. Discussion was raised concerning why the IRS has not yet required electronic filing, which would help overcome this challenge. Participants noted that work to convince the IRS to require electronic filing is ongoing but has received pushback. It was noted that if the IRS implemented mandatory electronic Form 990 filing, there would be advantages to the IRS in terms of processing time and for researchers concerning having more complete and timely data on the sector.

Common shortcomings of other data sources beyond the 990 included that other data have been collected from convenience samples and are not representative of the sector; that some data are proprietary and partners or organizations may not be willing to share them; and that the data are self-reported, which leads to questions of accuracy. These data sources present opportunities to track potentially important indicators, but work would need to be done to rectify these challenges, including collaboration between researchers and partners in the field who currently collect the data.

3.   *Potential New Data Collection:* The next theme focused on new data sources and potential issues related to collecting new data for the project. Suggestions for new sources included collecting voluntarily contributed data on the sector similar to US News and World Report data on colleges and universities. It was noted that the data have fairly comprehensive coverage in part because there is a strong incentive for colleges and universities to contribute and update data over time. The question was asked whether there would be a similar way to incentivize broader voluntary reporting in the sector and if this would be better than data from regulatory reporting such as 990s. Current voluntary reporting through Giving Tuesday and GuideStar suggest that organizations might be

willing to provide such data over time. It was asked whether such voluntary reports may suffer from organizations not having the same penalties for lying or withholding information as they would with the IRS, but others noted that there is generally consistency between self-reported information on GuideStar and on organizations' websites.

Others suggested that qualitative, in addition to quantitative, measures were important to somehow collect and track over time. Some participants noted that organizations may hesitate to disclose too much information out of fear of judgment, but others argued that such an unwillingness is harmful to the sector in the policy realm where there is a lack of understanding of the "depth and breadth of the nonprofit sector." Other categories of data were also discussed, including data on volunteering and citizen participation; indicators of infrastructure for the sector; tracking of regulatory compliance; sources of income for organizations, including government funding and earned income instead of only an emphasis on charitable contributions; and accurate data on organizational startups, closures, and inactivity. One participant noted that some sources of data are continuing to be developed, such as data on federal and state government funding from sources like grants.gov. Another commented that even though data on outcomes and impact have been discussed, we always seem to "default to financials." Suggested data that might inform such outcomes included measures of nonprofits' client characteristics and government cost savings that result from nonprofit work, and one participant noted that nonprofits might be more willing to participate in data collection if outcomes were reported. Finally, one participant asked if parallel indicators would be helpful beyond measures of the nonprofit sector itself, such as a "happiness index" or other broader social indicators that may covary with or be influenced by nonprofit sector health.

4.   *The Intended Audiences and Potential Uses of the Nonprofit Sector Health Index:* Finally, participants discussed the importance of clearly identifying the intended audience for the Nonprofit Health Index and the intended uses. One participant noted the symbolic nature of regularly publishing a dashboard on the sector. The concern was raised that the specific data points that are included in the index signal what researchers think is important for organizations. However, different audiences who might find such an index useful may consider other data more important to track for their purposes. It was suggested to clearly identify the intended audiences and make sure those stakeholder perspectives are included in the development of the index itself. As an example, one participant noted that while an index might be developed to inform donors, these donors might not be interested in or influenced by dashboards, or specific features of those dashboards, in their decisions.

Others followed this discussion with research questions that would need to be answered to adequately inform the project. For instance, if the health index shows that the nonprofit sector is doing really well, would that deter donors from supporting the sector? Likewise, if the data showed a rise in wages in the sector, would that translate to greater or less support for the sector? One participant noted that nonprofit employees might view wage increases positively, but donors might see greater wages as increased "overhead." Another noted that in the past, the sector has demonstrated a reluctance to release data out of fear that the way they were interpreted by the public would lead to adverse consequences, including potential responses from donors. It was noted that research on these subjects could help answer these lingering questions – which may include research using the nonprofit health index itself. Other questions raised for research that could be conducted through the project included prominent questions in the field, such as whether nonprofits should develop an endowment and the role of reserve funds during cyclical economic downturns. Finally, it was noted that there are other promising large data projects in development across the research community that could be important to continue to follow and that could inform or contribute to the Nonprofit Health Index.

Session 2: Oversight of the Nonprofit Sector

Kickoff Comments:
Cindy Lott, Columbia University
Ruth Madrigal, KPMG

Purpose

To review the fragmented regulatory system that provides charitable oversight, and highlight important issues for research and practice.

Overview

Kickoff comments began with Lott and Madrigal describing the context of charitable regulation in the U.S. They explained that because tax exemption historically has been a central part of the U.S. nonprofit sector, the Treasury Department and IRS have played roles of gatekeeper, preventing organizations from receiving charitable tax benefits without demonstrating that they deserved them. As they noted, "the Treasury is one place in the federal government where people are required to know something about the nonprofit sector." This has led to a reliance on federal-level oversight of the sector. However, IRS regulations have been written almost exclusively by lawyers who often do not have direct experience in the nonprofit field except for limited field involvement when contentious audits have arisen. They noted that there is even further bifurcation within Treasury between lawyers that advise on policymaking and those that advise on audits. This has led to general oversight of the sector that goes beyond tax exemption and audit concerns to other issues in the field. However, it is generally the case that state tax exemption, licensing, and other lower-level regulation piggyback on federal IRS exemption and approval. This is also common throughout other areas of federal oversight of the sector, including allowances for exceptions and exemptions for 501(c)(3) organizations in many areas of policy – including visas, the bankruptcy code, veterans' affairs, and Securities and Exchange Commission (SEC) provisions – which all have special funding provisions and exceptions for charities and which all rely on tax exemption approval from IRS as the main determinant of organizations being worthy of those benefits.

As such, Lott and Madrigal explained that charitable tax exemption is only one part of section 501(c)(3) of the tax code. However, because the sector's core regulatory framework is found within the tax code, "oversight is limited in sort of a 'tax way.'" This is in part due to the mission of IRS, which focuses its oversight on compliance. Therefore, the IRS does not monitor behavior in the sector, per se. Instead, it focuses on "behavior within a tax regime," setting guidelines for acceptable behavior, and relying on voluntary reporting of that behavior. IRS audits are intended to ensure organizations' voluntary reports are accurate. However, Lott and Madrigal explained that this approach is distinct from the way charities are regulated in much of the rest of the world. As a consequence of regulation taking place through a tax regime, "the people in charge of oversight do not necessarily have experience or perspectives on the nonprofit sector;" they know the numbers, but they generally do not have perspectives to interpret those numbers with regard to the health of the sector, for instance.

They then discussed that these shortcomings of the U.S. nonprofit regulatory landscape have become even more pronounced over the last fifteen years. This is due to system-level changes, including budget cuts for the IRS. These strains have led to delays in service, and particularly in processing applications for tax-exempt status. The IRS has tried different processes to reduce the backlog of applications, but continued application delays have led to policy changes, including eliminating five-year follow-ups with all applicants to ensure charitable compliance. Other changes have included introducing the shortened application for 501(c)(3) exemptions, the Form 1023-EZ. As a result, determination letters have become basically automated, with few "eyes on actual forms." At the same time, audit rates have continued to decline. Lott and Madrigal explained that these issues in the current regulatory system likely impact tax

revenues over time as the oversight function fails to catch organizations that are out of compliance whether intentionally or through ignorance. It also potentially limits charities' understanding of opportunities and efficiencies they might have available under the regulations.

Lott and Madrigal then discussed the importance of state-level policy and oversight of the nonprofit sector. As they explained, there is a "definitional issue in the sector" stemming from the predominance of federal oversight: while tax administrators, lawyers, and the IRS define the sector in terms of "the money," state level oversight tends to focus more on other aspects of organizations and their work, including governance, trust, perceptions of the sector, and fraud. The federal and state regulators rarely coordinate oversight functions, and as a result there are many different regulators, which leads to a complex regulatory landscape for nonprofits. While the IRS has shifted toward more of an "administration of tax" role, most of the activity the sector cares about is left to the state, multistate, and international charity oversight levels. State level policymakers tend to care about what happens to the sector for their state rather than just about flows of money. Social media and technology have also completely changed the process and practice of charitable solicitation. This has led to complex multistate oversight issues since technological advances have led to less clear geographic boundaries in charitable solicitation and charitable work. Additionally, the state level is where recent trends of organizational hybridization and blurring of lines between sectors tends to be most important because state policy defines the legal forms that organizations may use. Lott described the increasing complexity of the regulatory environment for nonprofits in part as reflecting the potential opportunities available for a changing sector, but these changes also present increasing challenges for adequate oversight.

Lott and Madrigal wrapped up their kickoff comments with a discussion of the opportunities presented by these developments on the federal and state levels. They posed the question, "what types of issues do [nonprofit practitioners and researchers] want to have reviewed?" To date, the federal tax administration gatekeeper form of oversight has led to the measures that are focused on. Structural and policy changes, digitization, and other technologies present opportunities to develop more nuanced measures that represent more of the sector's work. They also highlighted the current challenges to oversight and regulation that researchers could help disentangle, especially concerning organization hybridization and the blurring of the sectors. They described the nonprofit sector as being abused as a vehicle by a limited few whose goals are not for the benefit of the nonprofit sector, and those actions are undermining the sector and its trustworthiness. Therefore, they suggested there was both an opportunity and a strong need to redefine regulation on the sector's own terms. They pointed to potential areas for researchers to contribute to this work, including additional research on the blurring of sector lines and what they described as the "holy grail" for research in this area: "good data on what enforcement really looks like in the sector."

Summary of Discussion by Participants

Discussion then followed and focused on five main topics: (1) fundamental problems with the current nonprofit regulatory system, (2) major issues caused by current nonprofit oversight problems, (3) potential policy solutions, (4) perspectives for practice, and (5) topics for research.

1. *Fundamental Problems with the Current Nonprofit Regulatory System:* Discussion under this topic related to current issues that negatively impact regulation and oversight in the sector. One comment focused on the importance of the regulatory infrastructure provided by the IRS and the reporting requirements organizations have faced in the past that have provided a basis for the IRS's gatekeeping function. For instance, many reporting requirements, such as requirements for all organizations to file the full Form 1023, provided a means not only to regulate entry into the nonprofit sector but also for the public more broadly to informally regulate the sector, since organizations are legally required to provide a copy of their Form 1023 upon request. However, with the introduction of the shortened 1023-EZ, the infrastructure for both regulation and self-regulation of the sector is significantly weakened.

Other comments focused on the confusing nature of the tax code itself. Specifically, one attendee noted how the general label of "tax exempt" organizations was in fact very broad and includes many activities that are not charitable in nature. The example was given of social or club membership organizations that fall under an IRS tax-exempt 501(c) category, but do not fit the requirements or expectations of charities. Because these organizations are tax exempt, it was suggested that more could be done to distinguish 501(c)(3) charitable nonprofits from other tax-exempt nonprofits, especially relative to public perception and understanding.

Along the same lines, others noted that there are increasingly blurred lines between charities and other organizations, so definitions of what makes a "good or bad" charity are difficult to determine. This is compounded by decreased gatekeeping and regulatory oversight, which have led to gross abuses of the charitable form. This includes cases of individuals significantly profiting through private inurement in the charitable sector, either through avoidance of oversight by claiming "reasonableness" of payments or through illegal behavior. The example of Southwest Key (see https://www.nytimes.com/2019/03/15/us/southwest-key-schools.html) was raised as representing how complex such abuses of the charitable sector can be. There was a question of why federal funders did not provide adequate oversight of Southwest Key in this case, or why the IRS itself was not adequately overseeing the organization's operations. Others observed that in line with Lott and Madrigal's kickoff comments, federal oversight most likely depended on assumptions that the organization was legitimate based on the IRS approving its charitable tax-exempt status, and it was likely that federal regulators depended on the IRS for that gatekeeping and oversight function, which failed in this case. Other examples were given, including cases of for-profit colleges converting to nonprofit organizations in order to operate under more relaxed rules and with greater benefits from the Department of Education, which also relies on the IRS for gatekeeping in the sector. While there are requirements to notify state attorney general offices in most states, the fragmented regulatory system often allows organizational conversions to slip through regulatory cracks. Because of these issues, several noted the importance of developing the nonprofit sector's ability to engage in self-regulation. While self-regulation has been discussed for over a decade, the sector still has limited formal whistleblowing channels, and most self-regulation relies on scandals that are reported in the news, such as the problems at Southwest Key.

One fundamental flaw in the "fragmented" regulatory system that was highlighted by participants was the uneven funding and infrastructure for state level charity oversight, by either state charity oversight officials or state tax officials in each state. It was noted that there are drastic differences in budget and funding between those offices and across states. Each state has developed its own system for filing on the state level and across its jurisdictions. Some states use IRS piggybacking to determine charity status and oversee the sector, while other states have their own filing in addition to IRS compliance. An example raised as a challenge to this fragmented system included the prevalence of soliciting online donations, such as through organizations' "donate now" buttons on their websites. In effect, from a legal perspective state charitable registration is needed in all states once organizations launch a donate link on their website because they are effectively soliciting donations everywhere. Multistate efforts to develop a uniform filing process (see http://www.multistatefiling.org) have not been working so far. Some suggested that there was an increasing need for a "turbo tax" type single portal for everyone to file. Such a single portal for all states could be an important future resource to decrease costs in practice and to provide valuable cross-state data on the sector. It was noted that NASCO (state charities regulators – see https://www.nasconet.org/) is working on potential solutions like a single portal, but the fragmented regulatory system creates important challenges, including that currently states can share information up to the federal level, but the federal government cannot share down, leading to a regulatory lag in what is needed for adequate state-level oversight.

2.   *Major Issues Caused by Current Nonprofit Oversight Problems:* It was noted that states have relied on the IRS 1023 approval of federal tax-exempt status in their own decisions. In general, from a sector

self-oversight perspective, the nonprofit sector was described as doing a very poor job of predictive risk analysis and risk management. In the past, the form 1023 and gatekeeper function of the IRS was the sector's first step to risk analysis and prevention. Now because of the changes to the form 1023, and especially the drastically simplified 1023-EZ, the burden of sector oversight is being shifted to the states. In addition to external oversight of organizations, small and new organizations now do not benefit from significant oversight hurdles to pass. As a result, gaining federal tax-exempt status does not provide any assurances of future sustainability as an organization.

3.   *Potential Policy Solutions:* Participants raised several policy solutions that could help address the issues discussed in this session. One participant discussed that front-end oversight may be the best way to provide oversight of organizations. Before the introduction of the Form 1023-EZ, all 501(c)(3) organizations applied for IRS recognition of tax-exempt status using the full Form 1023. The full 1023 required a lot but also served as an educational tool for those interested in forming a nonprofit and helped to weed out those establishing organizations that didn't really fit into the charitable sector. In this way, the 1023-EZ is easier for organizations, but it does not capture many details of the full form or provide adequate gatekeeping oversight of the sector.

As an alternative to requiring all organizations to file the full Form 1023, other respondents suggested providing greater resources for oversight, either on the federal or state levels. One participant reiterated that state charity regulators were trying to develop a single portal that could be used for regulatory filing across states, but it was not yet developed. Barriers to state level regulatory infrastructure included a lack of tax-based funding. Others suggested that private funders may be able to help close gaps in public budgets to assist with the development of this regulatory infrastructure.

Finally, mandatory e-filing of the annual IRS Form 990 was discussed as an efficient short-term solution to reduce the barriers for government and self-oversight of the sector. It was mentioned that policy action was in progress to pass a bill that would require e-filing. Following the symposium and as of July 2019, e-filing has become law under the Taxpayer First Act (H.R. 3151), which passed Congress on June 13, 2019 and was signed into law July 1, 2019.

4.   *Perspectives for Practice*: Discussion of this theme focused on issues that were most relevant to practices around policy toward the nonprofit sector. It was noted that the sector first needs to figure out if it wants oversight or not. One participant challenged that no sector really wants to be overseen. Others suggested that the sector may welcome it if more could be done to determine what sort of oversight makes sense to help protect the sector from those who abuse the sector. Others noted that from a federal perspective, government administrators would most likely welcome greater public access to information on nonprofits to facilitate public oversight and reduce the burden of government oversight.

If the sector wanted enhanced oversight mechanisms for either formal or self-regulation, participants then asked what standards would be agreed on to evaluate organizations? What standards would be used, and how would they be defined? This was recognized by participants as a "big lift" tricky issue, given the diversity of sector. It was also recognized that once standards were determined, mechanisms to enforce the standards would then have to be developed. It was suggested that the nonprofit sector itself should be allowed to provide the standards, but it also should have some say in determining the functions of sector regulation/enforcement. Other participants noted that even with self-regulation, the sector would still have to enforce transparency in some way. Then some type of "bite" or sanction would have to be developed when standards are not met, transparency is not provided, or the nonprofit form is abused.

5.   *Questions for Research:* Discussion of potential research that could inform regulation efforts focused on specific recommendations. First, it was discussed that longitudinal studies were needed to account for how any policy changes lead to future outcomes for organizations. Once the Form 1023 and

Form 990 are required to be filed electronically, research could answer many questions using longitudinal data, such as tracking "popup" charities (i.e., those that appear during an election cycle, for example).

Second, several research questions on regulatory oversight were suggested. Referring back to the Southwest Key case as an example, some suggested that the main issue with Southwest Key was that adequate oversight was not available in the current fragmented system. Research was suggested to understand and solve issues of regulatory complexity when webs of nonprofit and for-profit organizations are increasingly used in practice, as well as the additional challenges this introduces in a fragmented regulatory system. For self-regulation – what role is there? what role could self-regulation play in the Southwest Key case, if any? Are there good examples of what self-regulation would look like or accomplish in this case? Should IRS set basic standards, then have the sector or subsectors add additional standards? How would they be enforced in cases like Southwest Key?

At the state level, there is a lack of understanding of what to regulate in certain sectors – if there were strong self-regulators in specific sectors, would other regulatory bodies then be able to lean on those self-regulators for data/oversight? The example of housing markets and home appraisals was given, with reference to associations that provide home appraisal certifications as one example of self-oversight in that sector. Finally, it was asked whether the abuses identified in Southwest Key – especially with dramatic growth of the organization – are really representative of most challenges in the sector or are problems specifically for organizations in high-growth circumstances (for example, dealing with the need to increase salaries to reflect increasing responsibilities)? Research was called for that would help provide "apples-to-apples" comparisons across organizations for oversight purposes.

Session 3: Policy toward Donor-Advised Funds

Kickoff Comments:
Roger Colinvaux, Catholic University
Gene Steuerle, Urban Institute

Purpose

To review current public policies that structure Donor Advised Funds (DAFs) and discuss potential issues concerning further regulation or proposed policies related to DAFs.

Overview

Kickoff comments started with the question of why we should focus on DAFs in this symposium to begin with? Many answers followed, including the fact that national DAF funds, such as Fidelity, overtook traditional community funds, such as United Ways, in 2016. The disparities are now even greater. The Fidelities of the world are now raising more donations than the top 10 working charities combined; roughly 10% of all charitable giving now go through DAFs; there is no indication of trends of new giving in the field – it just appears that funding is being redirected through DAFs and other intermediaries; we expect more donations to flow through DAFs in the future.

For definitions, a Donor Advised Fund (DAF) is a fund within a sponsoring organization that is a public charity. However, there is a lot of variation among DAFs. Sponsoring organizations are not all alike: They range across several categories, including commercial, community foundations, single issue sponsors, Jewish Federations, and other groups that are focused on single charitable interests. Regardless of underlying structure, DAFs generally function in the same way. The donors to DAFs get tax deductions and other donation benefits in the year they contribute to a DAF, and donors retain some donor advisory privileges. This general structure is helpful to donors to handle large liquidity events, such as the sale of a business. DAFs are also useful for family philanthropy, as an alternative to starting a family foundation.

In contrast to private foundations, DAFs have no mandatory payout. However, as a matter of law, if the DAF-sponsoring charitable organization failed to pay any money toward charitable purposes from its DAF funds, the sponsoring organization could technically lose its charitable status. From that technical perspective, there are already implicit payout requirements within the existing laws – DAFs have an obligation to spend out money for charitable purposes. From an oversight and regulatory perspective, the question becomes whether there should be a payout timing rule. However, there are several arguments against instituting a payout requirement:

1) DAF payouts are actually much higher than in private foundations, suggesting there is nothing wrong with how DAFs are currently operating. From the existing data, it does not appear that DAFs are "warehouses of wealth."

2) Regulated payout mandates could become a ceiling and not a floor for DAF management. This argument is similar to what we see in the private foundation world regarding the 5% payout rule.

3) Some argue from a philanthropic freedom perspective. This argument stems from the fact that DAF sponsoring organizations are independent public charities that are entrusted with money from donors, and, as is the case with other public charities, the government should not have a role in mandating charitable activity, which is well-established in case law.

4) Another argument can be referred to as "the sky is falling argument." That is, if the government were to institute a payout requirement, DAFs would summarily decide to suspend operations and dissolve. Therefore, all the benefits of DAFs would be lost.

5) Finally, there is a perspective that argues against payout requirements because of the administrative complexity it would compel. This is a common argument from DAF sponsors. The basic

argument is that regulation would increase management costs and complicate the process of tracking payout from each fund a DAF sponsor manages, leading to unreasonable (and inefficient) compliance costs.

Despite these arguments against a payout requirement for Donor Advised Funds, there are several arguments in favor of payout requirement, as well:

1) Payouts that are seen in the data are misleading in a number of ways. This primarily results from data that are reported based on average DAF payout levels across all sponsor types and that are averaged across all funds that all sponsors hold. Therefore, the reported average payout rate of 18-20% appears good on average, especially compared to a standard 5% payout for private foundations. However, there is no universal agreement on how you should calculate payout for DAFs. The numerator is generally agreed upon, which is the amount paid out of DAF funds. But the denominator is generally not agreed upon. There is an argument for making the denominator small from those against payout requirements, and an alternative argument for increasing the denominator from those who support a mandated payout. There are important differences between these alternative perspectives, such as using current year DAF balances plus current payouts, which on average reduces the calculated payout vs. using a denominator based on last year's DAF balance, which generally inflates payout rates. Beyond these issues, there also is the issue of using average payout as a measure at all. When looking at the current DAF payout data, the median payout rate is closer to 7-10%, which is much lower than the average payout—and close to a quarter of DAF median payouts across the US are $0, indicating a significant proportion of DAFs that do not meet the general expectations that policymakers consider based on average DAF payout statistics.

2) Another argument suggests that a "nudge" could be helpful to encourage greater DAF payout. This is based primarily on an endowment effect—once a donor has made a DAF contribution they continue to think of it as "their wealth," which leads to a natural conservative bias against spending out because even though it is not still donors' money, they generally think of it as theirs. Based on this perspective, DAF sponsors can be thought of as tending to have an inherent bias against spending out DAF funds, and to hold funds to serve their purposes when they see fit. This is complicated by the fact that holding rather than spending DAF wealth earns fees for the affiliated entity that holds DAF funds under its general umbrella of operations. Based on these perspectives, a 7-10 year spend out requirement is one policy proposal option. This argument suggests that having a time limit to pay out DAF funds leads to a steady stream of funds that would benefit the nonprofit sector and that working charities would see greater funding from DAFs over time.

While these are the current arguments in place relative to DAF regulation, the presenters recognized that we do not currently have enough data to properly assess these alternatives. For example, it would be helpful to know the status of all funds (each balance) for every DAF sponsor. However, we currently just get aggregate amounts across all DAF funds for each sponsor, which muddles any evaluation.

Several questions arise from this analysis:

1) Should different sponsor types be treated differently? For example, should community foundation DAF sponsors be treated differently from commercial DAF sponsors?

2) DAF contributions are also non-cash – these non-cash assets are mostly securities, which are easy to value, but well over $1 billion of non-cash assets contributed to DAFs are hard to value assets. This is an issue since we do not know how much value these non-cash assets actually represent. The valuation depends on appraisal processes, which are generally paid by the donor and which lead to potential abuse and fraud.

3) There is an argument that the net benefit to charities at the end of the day should be used as the benchmark, rather than some sort of payout statistic. However, this could be hard to capture.

4) There are several other issues:

a. transparency: private foundations have a mission to make grants—could a private foundation make a grant to a DAF and retain donor advisory privileges, while still counting the grant to the DAF toward the foundation's required 5% payout? The Treasury Department is now looking into this issue, but it remains unresolved.

b. anonymity of donors through DAFs: there are examples of public charities that receive basically all their donations from a single donor through a DAF intermediary, but due to the public support test calculation, those public charities meet the public support requirement. This appears to highlight issues of "DAF money at work" – and exposes a potentially serious problem with transparency regarding DAF funding flows.

c. from a practical perspective, DAFs provide many benefits to donors relative to the alternative of starting private foundations. First, donors do not need to file the 990-PF, which reduces transaction costs, and other real costs to formal philanthropy. This simplification of philanthropy potentially leads to a "democratization" of philanthropy through DAFs.

d. these points also raise economic questions of whether DAFs increase giving. In some ways, DAFs provide a greater diversity of options to potential donors vs. consumption, which leads to a fairly strong economic argument that money going into DAFs adds to overall charitable giving.

e. DAFs can be given to friends or family and therefore can become a vehicle for encouraging thinking about charity on another level.

f. there is also the argument of whether "a dollar today is worth the same as a dollar tomorrow" – for private foundations, the 5% payout rate is related to the long-term payout adjusting for inflation that would be required to maintain the long-term value of the foundation's endowment. However, does the same argument apply to DAFs? Do DAF donors really care about $10K, $20K and its payout over the short term?

g. there are several other perspectives on the potential utility of DAFs, including the Urban Institute's report "Discerning the True Policy Debate over Donor Advised Funds" and other publications which suggest that DAFs can be a vehicle to accomplish a variety of purposes including: challenging youth to engage in philanthropy; providing flexible dollars to fund charitable initiatives; funding projects such as foreign entities with greater control rather than setting up an endowment for that organization; providing flexibility to meet donors' needs and interests, such as spreading payout over a lifetime or arranging for payout at death; balancing capital gains with the charitable deduction; divesting assets, with DAFs as a vehicle that allows for taking time to make charitable decisions; and redirect funding over time to meet the changing preferences of donors.

h. other issues were raised, such as capital gains, the ability to give anonymously, the potential for political contributions through DAFs.

i. One regulatory perspective that was raised was a concern about wealthy individuals abusing DAFs – but why not just go after the abusers instead of enacting uniform across the board DAF regulation/ oversight)? It was unclear whether there was a case for going after small DAFs, especially since DAF sponsors can structure the regulations of how their DAFs operate, for example by requiring payout at the death of the original donor, or requiring funds to be paid out within a specific time period.

Summary of Discussion by Participants

Comments from participants generally fell within several specific themes:

1) There is a lot of oversight of private foundations beyond the payout requirement, which does not apply to DAFs. In fact, DAFs have almost no oversight. In theory if all private foundations were established as DAFs, the same issues of transparency regarding the use of funds would be present with private foundations as we are discussing with DAFs. This leads to the question of why DAFs should be treated so differently from private foundations when there are the same general benefits to donors.

The answer to this issue was that we generally have to think about whether private foundation rules should apply to DAFs in the same way—in practice, DAF donors are giving much smaller amounts than donors to private foundations. Should we really worry about all these small donors? Is that worry serious enough to reduce the simplification that DAFs offer? There is also a lot of transparency that is provided by community foundations or the charity holding DAFs about the use of funds.

2) Other perspectives on tax policy:

a. with closely held stock –is it better to provide a deduction for a contribution to a DAF (fair market rather than basis deduction) and avoid disclosure? It seems that there is more concern about large donations rather than small ones—but there is still the issue of applying the spirit of the rule regarding disclosures.

b. foundations making payouts to DAFs is not a DAF issue as much as a private foundation issue – i.e., foundations are not living up to the intent of the law if they make grants to DAFs to satisfy the 5% payout requirement – this is probably a loophole that should just be closed.

c. regarding the question of warehousing wealth in DAFs—in reality it may not matter so much— current trends show that giving to DAFs is increasing, but also that giving from DAFs is increasing. This seems to suggest that warehousing is not a major problem.

3) other practical considerations:

a. DAF anonymity can also protect people wanting to give truly anonymously. In practice, donors may give through their DAF, but often that gift is cultivated in discussion with the donor – it doesn't matter where the check comes from since the donor is not necessarily anonymous. In contrast, donations to charities from DAFs can be completely anonymized.

b. Question of where the responsibility lies for DAF oversight – Once a donor gives the money away to a DAF, it is no longer legally the donor's money. Therefore, the idea of rich people hiding money in DAFs is unfounded in the law. Once funds are placed in a DAF, they can't be used for just anything – has to be a charitable outcome use – for instance, the donor cannot just buy a yacht.

c. Commercial vs. community foundation/other fund sponsors: There are differences among different types of DAF sponsoring organizations. So, there may be practical interests in carving out exceptions for community foundations. Community foundations are charitable organizations and only act in those ways. Commercial sponsors have other profit sides, which complicate the overall picture. If the government imposed a payout rule and tried to carve out specific types of sponsor organizations, it would become complicated. First, you would have to define types under the tax codes, with community foundations, which are traditionally formed to fund specific communities, and some distinction for national commercial sponsors of DAFs. However, there are numerous other types of DAF sponsors--what about distinctions for other types of sponsors such as universities and single interest organizations? If legislation were pursued, it would need to start with payout requirements for all types and then let organizations make the case that the rule should not apply to them. Legally, it is difficult to distinguish between the types of organizations that sponsor DAFs. For many people, the main issue with Fidelity types of DAFs is that Fidelity's main product is mutual funds. As a counter example, Vanguard is also a nonprofit company, so there are issues with putting all national DAF sponsors in the same category.

Related to the last point above, it was discussed that one reason DAFs are so important is because they are hybrids – since 2006, more rules have applied to DAF sponsors that are akin to private foundations. DAFs accumulate funds over time similar to private foundations. 1969 TRA established oversight of private foundations that could operate into perpetuity. If DAFs are different, then there should be different expectations, limits, and rules for establishing DAFs – which all form arguments for there being a reasonable payout rule for DAFs, such as with private foundations. If DAFs are primarily spending vehicles – a reasonable payout expectation/rule should be unopposed.

Finally, however, others argued that these issues with DAFs will work themselves out over time: The issue of regulatory lag was raised– DAFs are like the Uber of our charity world; DAFs represent an unregulated space /tool that is now being used for purposes different than traditionally used/intended. This is an example of why it is important to have adequate responsiveness of regulation to changing times and minimize regulatory lag. The "who, what, when, and where" become so important because of so many nuances in the DAF space, and regulations, if they are proposed, should account for such diversity.

Session 4: Prospects for Deepening Researcher-Sector Leader Collaboration

Kickoff Comments:
Allison Grayson, Independent Sector
Shariq Siddiqui, ARNOVA

Purpose

To discuss or propose potential avenues for greater collaboration between the nonprofit sector research community and nonprofit sector leaders.

Overview

Siddiqui and Grayson began kickoff comments by summarizing work that already takes place to bridge nonprofit researchers and practitioners. ARNOVA has many events throughout the year beyond the annual conference to engage researchers and practitioners that try to "break down the silos" between research and practice in meaningful ways. However, the speakers explained that there are several persistent barriers that remain to overcome. One key barrier from the researcher perspective is that the ARNOVA core academic membership focuses on publishing in peer-reviewed, indexed journals, which practitioners rarely access due to paywalls and other norms that have emphasized the importance for practitioners of accessing practitioner-focused publications. From practitioner perspectives, there are few incentives to engage with the scholar community, and funding often is not available from practitioner organizations to engage faculty in their work through grants and external funding.

However, there are some examples within the ARNOVA membership where these barriers have been overcome, at least in some ways. These areas of the ARNOVA community where researchers and practitioners regularly engage with one another tend to focus on public policy and other important practical, applied areas of nonprofit research, including the ARNOVA grassroots section, teaching section (translation of research), pracademics, and others. Other examples of ways to break down the barriers include recent special issues of *NVSQ* that are externally funded, such as a special issue focused on public policy (https://journals.sagepub.com/toc/nvsb/47/4_suppl), funded by the Kresge Foundation. Other examples of activities that bridge research and practice include the ongoing ARNOVA Public Policy Symposia (https://www.arnova.org/page/symposium) that have been funded by the Bill and Melinda Gates, C. S. Mott, and Kresge foundations, or funded out of the ARNOVA operating budget as a central part of its mission. As Siddiqui explained, ARNOVA supports its full range of membership to engage in meaningful work and dialogue, including research-practice engagement through its sections, law and public policy conference tracks, awards, and many other initiatives. Other initiatives in the field include Independent Sector's Upswell conferences, the Alliance for Nonprofit Management, BoardSource events, and Charity Navigator partnerships, to name a few.

However, even with these efforts by ARNOVA, foundations, organizations, and associations in the field, there is still a research-practitioner divide. There remains a perspective in both research and practice arenas that researchers and practitioners do not need to collaborate—and that such collaborations should not necessarily be the focus of their jobs; researchers should focus on high quality research, and practitioners should focus on practice. However, Grayson and Siddiqui challenged those perspectives. They argued that the majority of students in academic programs focused on nonprofit management or those who eventually go to academia on a PhD track traditionally came from practice. As the field has evolved, many PhD students are now entering academia through purely academic tracks. As ARNOVA has grown, evidence of purely academic tracks has also become apparent, such as professional development tracks within ARNOVA that tend

to focus on how to get tenure/get tenure-track jobs and largely focus on routes to publication in academic focused journals. To ask those emerging scholars to also engage in practical outcomes is difficult since the field increasingly lacks incentives for research-practice connections—but these trends also support the argument that greater effort is needed now to support meaningful research-practice engagement.

Grayson and Siddiqui then raised three provocative questions regarding why the field should or should not focus on research-practice engagement. They summarized these questions as: (1) Should we? (2) Why should we? and (3) Whose responsibility is it? Grayson then discussed perspectives from Independent Sector and other partner organizations on why they support research to practice and practice to research engagement, emphasizing a "shared outcomes focus." From this perspective, practitioners tend to work with limited resources and limited time. Nonprofit employees and leaders tend to manage many competing pressures, focus on their missions, and operate with small budgets. Therefore, practice and practitioners could benefit from lessons learned in the academic research community to help gain efficiencies and to "not duplicate things that have already been hashed out" in the research literature. Grayson emphasized the importance of data driven decisionmaking and "informed practice." She argued that this included not just using existing data to inform decisionmaking but also building practices in the field to use organizations' own, original data from performance evaluation, monitoring and evaluation, and other sources. The field needs greater capacity to do this, but through research-practice collaborations, practitioners could benefit from using existing research knowledge to reduce the burden of data collection and analysis to achieve more efficient outcomes from such initiatives.

Grayson then highlighted several limitations and barriers in the field that often prevent such engagement with researchers. First, many nonprofits "do not know how to engage academics, period." Also, many actors including some large associations in the past have been "surprised to know there is a research community focused on the nonprofit sector." This lack of awareness is compounded by the lack of money when it is needed to incentivize and support collaboration. The lack of funding creates particular challenges in subsectors that already stretch donor dollars to accomplish their missions, such as in the arts, where public resources are often limited. For academics, when there are no resources available to support collaborations, researchers are often asked to do the work for free/pro-bono. Even when these issues can be overcome, researchers are on different timelines than practitioners—with it often taking much longer to design and implement a rigorous academic study than what is expected in practice to inform on-the-ground decisions in the immediate or near term. Grayson asked, "how do we make academic rigor match the timelines needed for timely, quick lessons for practice?" Finally, Grayson highlighted the lack of access to academic journals by practitioners. The field generally lacks an infrastructure to provide practitioner access to research because of academic journal paywalls. Even though there are data and research in the literature on many practitioner topics, practitioners also commonly lack the training to adequately consume research in ways that are useful to them—including a lack of understanding of journal article structure, how to interpret research findings, and how to efficiently read journal articles and identify the relevant takeaways. Therefore, practitioners tend to lack an understanding about where and how to look for research on the sector, and researchers often lack a real-world understanding of specific issues that practitioners experience or need knowledge on.

Because of these issues, Grayson and Siddiqui explained that there was an important need for translational research in the field, and that academics played an important role in meeting this need. If research were adequately translated and presented to practitioners in accessible formats, there would be much greater likelihood that research would be used. With that feedback loop, there would also be much greater chance that research will be useful in practice. They suggested several routes to increase translational research activities, including curated reviews of research

that focused on important practical issues, convenings and roundtables of researchers with practitioners, and the commission and dissemination of translational research reports. They explained that convenings are often done sporadically and in duplication across specific audiences—which leads to an opportunity for the field to rethink existing practices to provide information and research-practice exchanges more efficiently and effectively.

This discussion wrapped up with the question of "Whose responsibility is it?" Grayson and Siddiqui suggested that this was an important question, but they emphasized that it was important to understand what actors are most appropriate to fill infrastructure roles across different subfields and contexts. In some cases, state associations of nonprofits are ideally situated while in others community foundations or other organizations have the appropriate networks and capacities. Overall, it was suggested that the largest barriers to overcome were the lack of resources for planning such initiatives and the lack of will to do it in different contexts. They emphasized that partnership conversations should be more inclusive in broader efforts in order to disseminate and share research and empower others to do so across contexts.

Summary of Discussion by Participants

Discussion opened with a question of what types of research-practice collaborations make sense from an academic perspective? It was raised that some schools in the US and UK have become "forward thinking" to include consideration of a scholar's community impact in making promotion and tenure decisions. Others noted that collaborations around hot topics have been shown to be successful in their experience, such as studies that use real-world collaborative experimental research to inform research and practice, including field experiments. Other best practices that were shared included:

1) Making sure that such collaborations were developed over time and included multiple rounds of engagement–with the perspective that collaborations that endure lead to a collaborative infrastructure that continues.

2) Proactively deciding to convene scholars and practitioners instead of always reactively gathering such groups.

3) Focusing on projects where there was a clear value-added to engage researchers and practitioners, such as around discrete issues such as field experiments, or where there were long-term benefits to both research and practice, such as large-scale, collaborative data projects like the AWS/Open 990 data or Nonprofit Panel Dataset projects.

4) Designing collaborations that include many different connections between nonprofits and policy scholars–not necessarily through nonprofit scholarship but also through efforts that drive consumption of research, engagement with scholars around specific policies, fields in nonprofit organizations' work.

5) Focusing on emerging issues, such as seminars on timely nonprofit policy issues, including literature reviews on those topics that can expose practitioners to existing literature.

6) Ensuring ongoing flows between practice and academia. Georgetown University was cited as an example in the field that routinely brings practitioners into academic environments to teach, mentor, and work with students, along with other examples of there being resources available that we have not fully tapped in the field in a widespread manner.

7) Reducing practitioner costs to participate, including breakfast groups, informal grass-top gatherings with infrastructure organizations, or similar convenings that engage scholars and practitioners on local levels. Such ongoing, informal gatherings have shown to lead to collaborative research happening beyond those events because of the relationships that they form.

The discussion then turned to the barriers to collaborations and how to reduce those barriers. It was mentioned that academic journals have a large role to play. High impact factors are strong incentives for journals and for scholars who publish in them. Journal impact factor ratings are based on citations, so efforts that can create greater visibility for journal articles and their findings could drive greater attention and citations of those articles and journals. Other incentives were discussed that focused on financial and economic considerations. For journals, there is a financial incentive to create paywalls, which erects barriers to open access. There are also large costs for researchers to publish their research as open access in journals with paywalls. Participants discussed that there were ongoing efforts to reduce open access costs. Journals' reliance on voluntary effort in peer review and publication processes is one way that costs are already reduced. However, it was suggested that new ways to strategically reduce barriers and increase incentives to translate research-to-practice were required, and this may require "thinking outside the box."

Some potential strategies discussed that journals could consider include:

1) Diversifying advisory boards and editorial boards to include both scholars and practitioners.

2) Celebrating and highlighting successful bridging of scholarship and practice, such as academic journals publishing and disseminating translational work through other venues beyond academic journals (such as *Nonprofit Quarterly*, *the Conversation, the Chronicle of Philanthropy* and other outlets).

3) Thinking beyond citation-based impact factors to also emphasize the importance of alternative visibility and attention metrics, such as Altmetric, that focus on social media and broader impacts beyond academic citations.

4) Creating new journal spaces where scholars could publish lengthy review articles in an open access format and that can extend beyond current word count limits. This could provide syntheses and synopses of existing research on different topics for practitioners to review.

Participants then discussed other strategies to make research more transparent and more accessible beyond academic audiences. These suggestions included publishing data in open data formats that allow other researchers to reproduce studies and providing access to research and data that can be used in practice and policy. It was discussed that many funders require funded projects to include a diversity of participants from academic, practice, policy, and regulatory communities. These types of requirements were seen as important to break down existing barriers, especially given the different incentives in each field and costs to organic collaborations across fields (referring to the barriers discussed above). There was a call to find ways to make these structures sustainable beyond funding requirements.

One participant reflected on the problem of how difficult it may be to fully bridge the research-practice gap. It was suggested that if the process were fragmented across different actors and actions, it may be easier to approach research-practice engagement in a more realistic and feasible way. For instance, it appeared that there were four pieces of the research-practice process that could be segmented and assigned to different actors:

1) *Filtering* – or identifying important research topics for academic-practice partnerships;

2) *Translation* – or interpreting research findings to practice and practice needs to researchers;

3) *Distribution* – or disseminating findings in ways that meet research and practice needs and increasing the visibility of research findings across multiple outlets and audiences;

4) *Feedback* – or closing the research-to-practice, practice-to-research loop to ensure research meets the ongoing and emerging needs of practitioners.

It was discussed that different organizations, such as infrastructure organizations, could have important roles to play in different parts of the overall process. Participants also felt it was imperative for researchers to be engaged in the process. The conversation would need to start with what is important to researchers and practitioners in order to even begin a legitimate filtering process of what research is important. It was discussed that there were many infrastructure challenges for developing some pieces, such as translational dissemination. For instance, practitioners emphasized the need for speed in order for practice and policy implications of research to be more timely to address questions more quickly in real-time. One solution that was suggested was to require projects to include funds that could cover the costs of translational work – for example, to include funding and a requirement to have an academic publication from the effort/data, but also require and fund other outputs/outcomes that have timely practical, policy impacts. Finally, it was suggested that the importance and benefits of translational research and research-practice collaborations needed to be promoted more fully and gain more visibility in order to actually be funded and acted upon.