

Conference to Debate Whether Current Charity Rules Promote the Public Good

By Suzanne Perry

Ray Madoff, a law professor at Boston College, says many people are frustrated by the way Congress sidesteps critical questions when it discusses philanthropy—for example, what makes an organization "charitable," should universities be required to spend more of their endowments, and should donor-advised funds grant money to charities in a timely way?

Thanks partly to the nonprofit trade associations that push the subject, lawmakers have in recent years mainly debated White House proposals to limit the value of the charitable deduction for wealthy people.

But Ms. Madoff says she and others would like to widen the conversation, so she and two Boston College colleagues helped organize a [conference](#) later this month to bring together scholars, philanthropic leaders, and others to consider whether Congress should pass new laws to help charities.

"We rely on the charitable sector to do so much," she says. "Are we providing sufficient support to be sure the dollars get there?"

The invitation-only Convention on Promoting Meaningful Reform in Philanthropy, at the college on September 18 and 19, will debate whether the basic regulations governing charities and foundations, last updated by the Tax Reform Act of 1969, "are adequately promoting the public good."

The organizers hope the conference, which received grants from five foundations, will lay the groundwork for the Forum on Philanthropy and the Public Good, a project that will operate for up to five years to help educate Congress about the issues discussed.

Serving the Poor

More than 30 people [have been invited](#) to attend, including academics like Rob Reich, a political scientist at Stanford University, and Stanley Katz, a historian at Princeton University, who will give the keynote speech.

Others include Larry Kramer, head of the William and Flora Hewlett Foundation, Diana Aviv, head of Independent Sector, the alliance of charities and foundations; Dean Zerbe, former aide to Sen. Charles Grassley; and Thomas Bridge, who helps operate the Fidelity Charitable Gift Fund.

Among the questions they will consider:

- Should donors get a bigger tax benefit if they give to charities that help vulnerable people?
- Does the law adequately delineate what makes an organization "charitable," given that some nonprofits like hospitals operate in a way that is indistinguishable from their for-profit counterparts?
- Was Dave Camp, the Republican House Ways and Means Committee chairman, on the right track when he proposed that organizations that administer donor-advised funds pay a 20-percent excise tax on money that is not distributed to charities within five years?
- Should foundations be required to spend more on their grant making than the current mandate of 5 percent of their investment assets annually? And should rules allowing them to count administrative costs and contributions to donor-advised funds toward that payout be changed?
- Does it make sense to maintain the legal distinctions between private foundations, which, for example, are subject to payout rules and excise taxes on their investments, and public charities, which are not?

The current Congress has shown no inclination to tackle any of those issues, and Ms. Madoff says she recognizes that some nonprofits and foundations are reluctant to invite such attention.

But they also know that "the nonprofit sector is not like the real-estate sector," she says. "They have a broader mandate than just their own institutions."

The following grant makers each provided \$5,000 to \$10,000 to support the conference, Ms. Madoff says: the Barr Foundation, the Lewis B. and Dorothy Cullman Foundation, the Ford Foundation, the Hewlett Foundation, and the Rhode Island Foundation.