

School for Scandal

Fundraisers should be required to take a course in ethics



Senator Nick Spano

For the past several years, Senator Nick Spano of Westchester, Assemblywoman RoAnn Destito, and Assemblyman John McEneny have sought to pass a bill to require most professionals who raise money for charity to take a course in the ethics and laws of fundraising and philanthropy.

That course, as defined by the proposal, would be mandatory for all full-time salaried employees of charities that raise more than \$1 million a year. All professional fundraisers and solicitors who make more than \$250,000 a year raising money for charities also would have to take the four-hour course, which would include the following:

- the history of philanthropy in the United States and its effect on the American economy and society;
- a study of federal and state laws and a discussion of

the work of the Charities Bureau in New York State relating to fundraising and philanthropy;

- a discussion of ethics and how they differ from laws;
- and an overview of recent cases relating to ethics violations in fundraising.

Under the proposal, universities and colleges could teach the course, online or in a classroom, as long as it was approved by the commissioner of education.

For a while this past summer, it looked like the New York Legislature would finally pass this bill. But then, to the surprise of many, several nonprofit organizations—including the Nonprofit Coordinating Committee of New York, the American Heart Association, and the American Cancer Society—lobbied extensively in Albany to kill the bill. It worked. The proposal, once again this year, was defeated.

Opponents used three arguments to sink the bill:

1 Affordability. Critics said the bill would oblige nonprofits to pay for the ethics schooling of their employees, and that

would take money away from the needy and others served by the nonprofits. Critics also said the course would take valuable time away from the business of raising money.

2 Effectiveness. Opponents asked whether a four-hour ethics course would be enough to make somebody already prone to cutting corners less likely to do so.

3 Price. Because only a few organizations and institutions would offer such an ethics course, it was argued, instructors would be tempted to charge top dollar in tuition.

But to all of this, I disagree.

While I respect the integrity and wisdom of those who are making these objections, I feel strongly that it is a wrong assumption that the course would be

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Naomi Levine

\$625,000

What a Bronx charity, formerly known as the Gloria Wise Boys and Girls Club, will repay the city in a legal settlement reached in September—money that donors intended for children and the elderly but which the nonprofit improperly lent to Air America Radio, a network known for its liberal programming.

The New York Times,
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unaffordable. Keep in mind that the Legislature can set the fees of courses given by public colleges and universities, thereby keeping them affordable and preventing price hikes—as has been the case with other mandated, professional training courses offered in other fields and professions.

Further, I have no doubt that many groups, including the Association of Fundraising Professionals and the Nonprofit Coordinating Committee of New York, would offer ethics courses, which would, at least, keep prices competitive.

And not everyone would seek reimbursement from their employers, so it's hard to argue that nonprofit budgets would be strained because of such courses. Quite the contrary: Basic training in fundraising laws and ethics would be a kind of preventative medicine, helping nonprofits avoid potentially more costly missteps down the road.

But the strongest argument for mandatory ethics classes is the growing mistrust of donors toward fundraisers of all stripes. At a time when stories about bad nonprofit management, board negligence, excess salaries, fraudulent telemarketing, and even criminal behavior are making the headlines, now is the best time to start requiring fundraisers to get smarter about the laws and ethics that shape nonprofit work.

More than any other group, fundraisers know that trust and donor confidence is critical to success in their work. Lawyers take ethics courses. So must doctors, accountants, and many service workers, and most of them annually.

Under the Spano-Destito-McEneny legislation, all that would be required is one ethics course, to be taken once in a fundraiser's professional lifetime. "If Americans lose faith in charitable organizations, they will stop giving, and those in need will suffer," said IRS Commissioner Mark Everson at a hearing of the Senate Finance Committee last year. Added Senate Finance Committee Chairman Charles Grassley: "I am troubled that there was little to no criticism from the charitable community about the serious problems at American University and the Getty Foundation. Charitable leaders must be a strong voice in condemning inappropriate behavior in their sector."

I couldn't agree more. Not only has the charitable community and its leaders failed to condemn inappropriate behavior, they have only meekly support-

ed federal legislation to tighten the regulation of nonprofits. Charity leaders also opposed a move by 17 attorneys general some years back to sue a telemarketing outfit for fraud because it kept \$6 million of the \$7 million it collected for a Vietnam veterans group. Charity leaders also have objected to proposals to require ethics courses for fundraisers.

While I believe that most fundraisers are honest, hardworking, committed, and trustworthy human beings, even the "good guys" need education about the evolving nature and challenges of their work if they are to continue to be effective.

Senator Spano, Assemblywoman Destito, and Assemblyman McEneny deserve our thanks for trying to get such legislation passed year after year.

They understand that in this post-Enron era, the nonprofit world is not immune from the shameful and scandalous behavior that has recently plagued corporate America. Unfortunately, the corporations did not and cannot police themselves.

The same could be said of nonprofits. Codes of ethics aren't enough. Self-regulation did not work for corporate America; there is no reason to believe it will work in the nonprofit world.

And if the states do not move in the direction of the Spano-Destito-McEneny bill, I suspect that, having read the Senate Finance Committee report on this issue, Congress will—and perhaps more dramatically.

In recent months, there has been talk in Albany and among those in the fundraising community that Spano might have better luck next year if his bill were to propose making an ethics course voluntary. There is also talk that waiving a portion of the course cost might also make the bill a bit more palatable the next time around.

While I would prefer an ethics course requirement, voluntary coursework is better than nothing at all.

Our profession, however, cannot afford to do any less. ▲

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