

Virginia Tech
School of Public and International Affairs
Institute for Governance and Accountabilities

SYLLABUS
Nonprofit Law and Ethics
UAP 5459

This course examines the legal structure that defines and regulates the nonprofit sector. The focus of the course is on the board of directors (sometimes called “trustees”) and their fiduciary responsibilities established by law and by the moral imperatives stemming from their actions on behalf of the public interest. The board/executive relationship will be reviewed as will basic income, property, and sales tax law issues. The ethical dimensions of work in nonprofits is included with specific emphasis directed towards commonly encountered problems of conflict of interest, self -dealing, risk management, tax liability, and human resource management.

II. Course Objectives:

Students can expect to:

- Understand the legal history of charitable enterprise
- Learn how the nonprofit sector is legally structured.
- Know how legal requirements shape nonprofit governance.
- Understand the legal and ethical responsibilities of non-stock corporate directors
- Recognize unethical behavior in nonprofit organizations
- Understand why ethical behavior is critical to nonprofit enterprise

III. Course Requirements:

A major research paper will investigate legal, governance, and ethical aspects of a specific problem in a nonprofit organization. This paper will be a carefully planned effort and will include the preparation of a proposal prior to writing the paper. The research paper will include legal research in the investigation of the paper's topic. Throughout the course the assigned readings will be used as necessary foundation information for students to enjoy informed participation in the class discussions and case exercises.

IV. Instructor:

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V. Course Format:

This is a graduate seminar. Students are required to participate both in class discussions and in-group projects throughout the semester. Because of the nature of this course there will be extensive use of case exercises in class and role playing will be necessary to simulate governance situations and ethical dilemmas. Guest speakers will add experience and ideas from the practitioner's perspective to the theoretical material presented in class and in the readings.

VI. Texts (Required):

Bowen, William G. Inside the Boardroom: Governance by Directors and Trustees, New York: John Wiley & Sons, Inc., 1994.

Brody, Evelyn. Property –Tax Exemptions for Charities; Mapping the Battlefield, Washington, DC: Urban Institute Press, 2002

Cooper, Terry The Responsible Administrator: An Approach to Ethics for the Administrative Role. 3rd Ed. San Francisco: Jossey-Bass Publishers, 1990.

Fremont-Smith, Marion R. Governing Nonprofit Organizations: Federal and State Law and Regulation, Cambridge: Harvard University Press, 2004.

Weston, Anthony. A Practical Companion to Ethics. New York: Oxford University Press, 1997.

VII. Grades:

Grades will be determined according to the following:

Class Participation	15%
Research Paper	<u>85%</u>
Total	100%

VIII. Schedule of Classes:

Introduction to Nonprofit Law and Ethics

Mondays

23 January

1. Nonprofit Organizations in Perspective
 - a. Introduction to the Course --Expectations
 - b. Meet the class.
 - c. Historical context.

Read: Fremont-Smith, Chapter 1

30 January

2. The Legal Structure of the Nonprofit Sector
 - a. Trust Law
 - b. Corporate Law
 - c. Retaining Assets for Public Benefit

Read: Fremont-Smith, Chapters 2 and 3.

6 February

3. Guest Lecturer
Tax Exemption: Society's Quid Pro Quo
 - a. Federal Law
 - b. State Law

****Paper Topics Due

Read: Fremont-Smith, Chapter 5.

Governance

13 February, Broadcast from Blacksburg

4. The Board: Fiduciary Responsibility for the Public Trust

Read: Bowen, Chapters 1-3. Fremont-Smith Chapter 4

20 February

5. Regulation of the Nonprofit Sector

****** Paper Proposals Due**

Read: Fremont-Smith, Chapters 6, and 7

27 February

6. Board Development

Read: Bowen, Chapters 4-6.

Ethics

5 March

7. Looking at Ethical Dilemmas; Deontology, Utilitarianism, and Justice.

Read: Weston, all. Cooper, Chapters 1

4-12 March Spring Break -- No Classes

The Responsibilities of the Nonprofit Board. Applied Ethics

13 March Broadcast from Blacksburg

8. Identifying the Ethical Dilemma

Read: Cooper, Chapters 2-4.

26 March

9. Reaching Ethical Conclusions

Read: Cooper, Chapters 5 - 7 and Conclusion

20 March

10. Property Tax Law, Unrelated Business Income, and Sales Tax Exemptions

Read: Brody, Parts I and II and Commentaries.

27 March

11. Personnel Issues, Contracts, Compensation, Employee Protection

Read: Fremont-Smith, Chapter 8

16 April

12. Lobbying by Nonprofit Organizations – Invited Guest Speaker from Charity Lobbying in the Public Interest (CLPI).

Read: Fremont-Smith, pp. 288-300 and see Bob Smucker, The Nonprofit Lobbying Guide, 2nd Ed., Washington, DC; Independent Sector, 1999.

3 April

13. Monitoring the Organization's Financial Condition and Entrepreneurial Enterprises.

Read: Bowen, Chapter 5, 6 and Conclusion.

Board Leadership

10 April

14. Fundraising Ethics and Future Legal Directions and the Board's Responsibilities

Read: Brody, Parts III and IV, Current INDEPENDENT SECTOR Nonprofit Panel Report, and Senate Finance Committee updates. AFP Handouts.

17 April

15, Legal Issues in the International Environment – Invited Guest Speaker, Carolyn Klamp, Dorn and Klamp, PC. Washington, DC.

Read: Handouts TBD

24 April

16, Oral Presentations and Defense of Research Papers

Read: Abstracts from Presenters

1 May

17, Oral Presentations and Defense of Research Papers and Review of Course

Read: Abstracts from Presenters

12 May University and Graduate Commencement Ceremonies

13 May College of Architecture and Urban Studies Commencement Ceremonies

IX. Instructions for Research Papers and Oral Presentations:

A. Research Papers

The written assignment will be prepared according to the form provided in Kate Turabian's *A Manual for Writers of Term Papers, Theses, and Dissertations*, Chicago: University of Chicago Press, (latest edition please), or another commonly used style manual such as the APA Style Manual or the Chicago Manual of Style.

The purpose of this assignment is to integrate the legal, governance, and ethical issues found in the operation of nonprofit organizations. You will select an organization that has run into difficulty and research the causes of their problems, the outcomes, and then craft a solution to the problem you have identified.

The organization you select should be thoroughly researched. You are expected to do graduate-level, high-quality, research. Also, please make certain your work

includes references to both the legal and ethics material studied in this course that will inform your analysis and conclusions.

You are required to use headings in the format of your paper. They are:

1. Title Page: Include your title, name, and email contact information.
2. Abstract: Prepare an abstract of your paper not to exceed 150 words.
3. Introduction: Introduce the paper and tell the reader what will follow. Describe the issue. What happened to threaten the organization?
4. History: In this section describe the history of the organization. Include the mission, key individuals, organizational structure, programs, and governance characteristics. Describe physical location, assets, financial condition and size. Give a complete description of the organization and a more detailed description of the problem.
5. The Outcome: What happened as a result? Were there lawsuits, loss of tax-exempt status, fines, imprisonment for key leaders of the organization?
6. The Law in Practice: What legal issues are related to the problem? Was it corporate law, tax law, or other legal area that was involved? Was it board oversight, CEO/board imbalance, self-dealing that caused the problem? What have you learned in this course that helps you understand the problem and gives you guidance in developing a solution?
7. Ethics Issues: Describe the ethical dilemma, if there is one, and if not, what ethics considerations are inherent in your research topic.
8. Recommendation: What would you recommend as a management consultant to the nonprofit Board of Directors in question to have kept the organization out of trouble? This section should include both legal and ethical recommendations.
9. Footnotes/Endnotes/Reference List: This section will document your work and accurately reflect all the ideas and work borrowed from other scholars as well as elaborating further on points outside the text of your paper.
10. Bibliography: All papers will contain a bibliography. This list is an aid to other researchers who want to locate the key materials on your subject beyond what you may have cited. You may not have cited all of these works but they are necessary in understanding the broad topic. There will be duplication between your footnotes/endnotes/or, reference list, and the bibliography.

Please print the paper in 12 point standard (Arial, New Times Roman, Courier) type- face, on white 8.5" X 11" paper, and stapled at the top left corner. NO PRESENTATION FOLDERS Please.

X. Honor Code:

Students are expected to follow the Virginia Tech honor code.