

George Mason University

Nonprofit Management Studies

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PUAD 659: Nonprofit Law, Governance, and Ethics

(On-line)

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SYLLABUS

"Despite its vital contribution to American life, the nonprofit sector has experienced a major erosion in public trust." "...we must develop standards of openness, accountability and wise use of resources which will command public respect." "We need to initiate a thoughtful renewal of vision, of practice, and of leadership." Charles R. Halpern, President, The Nathan Cummings Foundation

PUAD 659-001-S05

I. Course Description

This course is designed to examine in detail the fundamental governance issues in nonprofit corporations. The focus of this course is on the board of trustees and its fiduciary responsibilities established by law and by the moral imperatives stemming from the actions of its members (singularly and collectively) on behalf of the public interest. The board/executive relationship will be reviewed as will basic contract, labor, and tax law issues. The ethical dimensions of work (paid and non-paid) in nonprofits is included with specific emphasis directed towards potential problems of self-dealing, risk management, tax liability, donor/funder relationships, and human resource management.

II. Course Objectives

Welcome to PUAD 659: Nonprofit Law, Governance, and Ethics, online! This Internet course is textbook based, utilizes a syllabus and experiences similar to the course as taught in-person, and holds similar learning objectives. The goal of this course is to assure students an understanding of the legal and ethical obligations and responsibilities charged to nonprofits in their duty to uphold the public trust. These are encompassed within the stewardship of the governing body and implemented by management. Students will have studied various aspects of this charge in other classes; this course is intended to pull these parts together so the student can apply learnings to the further development of nonprofit organizations and the nonprofit sector - based upon a solid foundation of law and principles.

After you have completed this course, you should:

- Have an understanding of the IRS Code that supports the nonprofit sector,
- Know of state laws and their impact on the development of nonprofit organizations,
- Clearly articulate the powers and workings of governance (vs. management) and its relationship to the future and to the success of a nonprofit,
- Understand the complex issues that confuse and can place in peril personal and ethical values in the nonprofit workplace,
- Develop your own premise for ethical actions and your argument for more regulation/less regulation of the sector,
- Develop your own sense of purpose for the nonprofit sector, its relationship to government and business, and its role in a democratic society.

III. Course Requirements:

The course is presented in a format that combines weekly reading, posted lectures, assignments, and response to the prior week's work. Students are required to participate in on-line class discussions; group projects involving case studies are used to connect theory and practice.

Students are expected to prepare a term paper per instructions in Section VIII.

Throughout the course the various assignments will be used as discussion pieces and necessary foundation information for students to enjoy informed participation in the class discussions and case exercises.

Session discussions will respond to questions and assignments posted in the course each Thursday. Each session's assignment will include, but not be limited to, readings and questions and/or assignments related to the listed topic. Assignments for the first 2 sessions are in the syllabus; subsequent ones will be posted. As you post your responses to the assignment during the time period, others are expected to comment, and vice versa; I may also enter the dialogue. Each Thursday, I will comment on the prior session's discussion and will post the 'lecture' for the next session.

Students are expected to be aware of current events -- political, governmental, economic, or otherwise -- which may impact nonprofits and their effect on society, and to reference them in the course for other students. Awareness of current events related to the nonprofit sector is an important part of the class dialogue; please be prepared to report on various media reports you find.

Casework will be assigned to teams; all students will be included.

Two tests will be offered, a mid-term mini-exam covering the first part of the course, and the final exam, which will cover the entire course. Mid-term and final exams will enable each student to demonstrate his or her ability to apply the theoretical material covered in this course.

All work is expected to be turned in on time; exceptions may be granted but they will be time-limited. Graded work will be penalized one point for the first week and one point for each subsequent day. The instructor is available by phone and e-mail and will discuss issues of concern directly with students.

Each student will be required to obtain an Email account. Accounts may be set up using any of the GMU computer labs. The account is free. NOTE: I will communicate with you via your GMU e-mail account; please access it often.

Assignments and class dialogue occur via the Internet through postings in the course. The mid-term and final exams and the term paper are to be e-mailed directly to me at lewispat@aol.com. (In some cases, students need/prefer to hard copy term papers and, through special arrangement, may mail them to me.)

February 8, 2005 is the last day this class may be added to a student's schedule.

IV. Course Policies

A. On-line Participation, General

This course is offered on-line, via the Internet and the World Wide Web, using WebCT technology and courseware, which allows students to participate at any time, from any location.

Because of this flexibility, it is important to plan your time carefully. Students are expected to sign-on to the "class discussion" (your "virtual classroom") and participate in discussions and other activities **at least four times per session (week). You should expect to spend a minimum of three hours per session (week) on-line, approximately the same amount of time you'd spend in the physical classroom.** You'll be sending and receiving E-mail, performing on-line research and participating in Web explorations and "tours," and interacting socially and professionally with classmates. See Ground Rules for On-Line Participation for additional guidance.

A class session is defined as the period of time between Thursday and Wednesday. The first day of the class is Thursday of the first week of the semester. Assignments scheduled for completion during a class session should be completed by midnight of the corresponding Wednesday of the assigned session. Writing assignments and formal papers should be completed and successfully submitted, or postmarked, so that they are in my hands on the due date. **NOTE:** Because this is an Internet course designed to get feedback on assignments to you directly via E-mail and the Internet, you must make prior arrangements with me before submitting a paper via fax or the US Postal Service. If you ever have problems transmitting your assignments to me, telephone me immediately, and we'll get the problem solved.

If you experience professional or personal conflicts that interfere with class participation and/or the meeting of deadlines, please contact me – in advance, if possible – so I will understand the situation and we can make appropriate arrangements.

B. Ground Rules for On-line Participation

1. Students should use e-mail for private messages to the instructor and other students. The class discussion is for public messages; the entire class may read anything posted in the class discussion.
2. Students are expected to complete 3 hours per session of conferencing or other appropriate on-line activities, including sending/receiving E-mail and coordinating work with the assigned team for casework. Research for the term paper is additional to the basic 3 hours. Within this 3 hours, students are expected to interact in the course via Internet at least 4 times each class session.
3. All students are expected to participate in class discussion. Conventions of "on-line etiquette," which include courtesy to all users, will be observed. This is no different than the courtesy and respect displayed for differing ideas and opinions found in the most intellectual of settings.
4. Students may get assistance with computer-related problems through GMU's WebCT staff, prime contact person Rick Reo. reo@gmu.edu.
5. Students will normally submit papers as Word or WordPerfect uploaded to the computer and routed to the instructor.
6. Assigned papers may be submitted via the US Postal Service or fax only if arrangements are made with the instructor beforehand.

C. Academic Honesty:

George Mason University policies are in effect. All your work must be your own, unless the instructor for this course authorizes collaboration, in which case you must, in writing, acknowledge the help you have received. Presenting as one's own the words, ideas, or expressions of another in any form is cheating through plagiarism, and will not be tolerated. The claim of ignorance is no excuse.

Honor Code: The Honor Code Policy endorsed by members of the Department of Public and International Affairs relative to the types of academic work indicated below is set out in the appropriate paragraphs.

1. Quizzes, tests, and examinations. No help may be given or received by students during the taking of quizzes, tests, or examinations, whatever the type or wherever taken, unless the instructor specifically permits deviation from this standard.
2. Course Requirements. All work submitted in fulfillment of course requirements is to be solely the product of the individual(s) whose name(s) appears on it. Except with permission of the instructor, no

recourse is to be had to projects, papers, lab reports or any other written work previously prepared by another student, and except with permission of the instructor, no paper or work of another type submitted in partial fulfillment of the requirements of another course may be used a second time to satisfy a requirement in the Department of Public and International Affairs. No assistance is to be obtained from commercial organizations that sell or lease research help or written papers. With respect to all written work as appropriate, proper footnotes and attributions are required.

3. Required Reading. A signed pledge that reading required for a course has been completed may be made a condition of receiving credit in that course. Inability to sign the pledge when required on the final exam will result in the assignment of a grade of "I."

V. Course Grades

The grading scale is as follows: A = 96-100; A- = 90-95; B+ = 86-89; B = 80-85; B- = 76-79; C = 70-75; F = 69 or less.

GMU provides for an A+ grade; these may be given only in the most extraordinary of situations.

You will know in advance the standards for each assignment. My goal is to give you prompt, clear, and useful feedback to help you become knowledgeable about this material.

Each student is responsible for:

- *Completing weekly reading assignments.
- *Spending 3 hours per week on-line in the course. (Four interactions.)
- *Completing Weekly Discussion Questions and Case Exercises on dates specified by the instructor.
- *Completing a Mid-term Exam.
- *Completing the assigned Term Paper.
- *Completing a Final Examination.

Grading Distribution

Session Discussion & Assignments. (25%)*

Completing a Mid-term Exam. (15%)

Completing the assigned Research Paper. (40%)

Completing a Final Examination. (20%)

Total = 100%

*Completing reading assignments; spending 3 hours **per class session** posting and otherwise interacting online in the course; completing discussion questions and assignments on dates specified by the instructor; reporting of current events related to nonprofits.

VI. Texts

Required:

Anderson, Albert. *Ethics for Fundraisers*. (Indiana: Indiana University Press, 1996).

Cooper, Terry. *The Responsible Administrator: An Approach to Ethics for the Administrative Role*. 4th ed. (San Francisco: Jossey-Bass Publishers, 1998).

Hopkins, Bruce. *Starting and Managing a Nonprofit Organization: A Legal Guide*, 4th ed. (New York: John Wiley and Sons, 2004).

Ricigliano & Carmadelle, *Guidebook for Directors of Nonprofit Corporations*, 2nd ed., American Bar Association, 2005. (Note this book is currently available as the 2nd ed, but published in 2002. This edition is acceptable.)

Recommended:

Carver, John. *Board That Make a Difference*, San Francisco: Jossey-Bass, 1990.

Fletcher, Kathleen. *The Policy Sampler: A Resource for Nonprofit Boards* (with disk), Washington, DC: National Center for Nonprofit Boards, 2000.

Futter, Cion, & Overton. *Nonprofit Governance & Management*, 2nd ed., American Bar Association, Chicago, IL, 2002.

Mancuso, Anthony. How to Form a Nonprofit Corporation in all 50 States (with disk), Berkeley, CA

VII. Course Schedule

Class One: Thurs. Jan 27 – Wed. Feb 2

Nonprofit Organizations in Perspective:

- a. Introduction to the Course -- Expectations.
- b. Instructions for meeting class members.
- c. Historical context.

Assignment:

Pursue your organization and topic of choice for your term research paper. This takes considerable attention and time so please use this early week to get started.

***** Paper Proposal Due Feb. 9 *****

Class Two: Thurs. Feb. 3 – Wed. Feb. 9

Current Perspectives

- a. Misperceptions
- b. Personal perspectives

Read:

Hopkins, Chapters 1,3, 20, and the Glossary

Assignment:

- a. From Hopkins, list three of the myths about nonprofit organizations you have thought were true and explain if and why you accept his 'de-mything'.
- b. Name three concerns or questions you have about nonprofit governance and explain what implications they may have for the sector-at-large, today or in the future.

***** Paper Proposal Due This Week: midnight, Wed. Feb. 9 *****

Class Three: Thurs. Feb. 10 – Wed. Feb. 16

Structural Issues:

- a. Corporate and Other Structures
- b. Directors, Trustees

Read:

Overton, Introduction, Chapter 1

Hopkins, Chapters 2, 4, 5

Assignment:

- a. You are approached by a member of a newly organizing board of directors of an organization desiring to provide after-school recreational and educational programs to young people, age 10 - 18. The member explains it is the board's desire that the organization's clients be represented in its makeup; ideally, the board wants two of its young clients to serve as regular voting members. What advise would you give?
- b. Are all nonprofits incorporated? If not, what advice would you give if asked whether incorporation should be undertaken?

Class Four: Thurs. Feb. 17 – Wed. Feb. 23

Tax Exemption: Society's Quid Pro Quo:

- a. Federal Law
- b. State Law

Read:

Hopkins, Chapters 6-8, 11, 19.

Overton, Chapters 4, 11

Class Five: Thurs. Feb. 24 - Wed. Mar. 2

Governance -- The Board: Fiduciary Responsibility for the Public Trust:

- a. Duties to the public, the corporation and various constituencies.
- b. Conflict of Interest Issues

Read:

Overton, Chapter 2, 4

Hopkins, Chapter 9

Class Six: Thurs. Mar. 3 – Wed. Mar. 9

The Board and its Role:

- a. Board/Executive/Staff Relationships
- b. Board authority/limits
- c. Committees/related entities

Read:

Overton, Chapter 3

Anderson, Chapter 1.

Cooper, Chapter 1

Class Seven: Thurs. Mar. 10 – Wed. Mar. 16

Board Development:

- a. Procedures/Orientation
- b. Strategic Planning

c. Resource Development

Read:

Overton, Chapter 12

Anderson, Chapter 2.

*****Mid-term Exam (covers Classes 1 through 6):
Posted Thurs. Mar. 10;
due midnight SUN. Mar. 13*****

Class Eight: Thurs. Mar. 17 – Wed. Mar. 23

*****Spring Break: No class work this week*****

Class Nine: Thurs. Mar. 24 – Wed. Mar. 30

Ethical Issues

a. Decision-making

b. Responsibility

Read:

Cooper, Chapters 2-4.

Class Ten: Thurs. Mar. 31 – Wed. Apr. 6

Ethics in Action

Read:

Anderson, Chapter 3

Cooper, Chapters 5-7 and Conclusion

Class Eleven: Thurs. Apr. 7 – Wed. Apr. 13

Monitoring the Organization's Financial Condition and Fund Raising

Read:

Anderson, Chapter 4, 5 and Appendix.

Overton, Chapter 10

Hopkins, Chapter 16, 17.

Class Twelve: Thurs. Apr. 14 – Wed. Apr. 20

Lobbying by Nonprofit Organizations

Read:

Hopkins, Chapter 13, 14.

*****Term Papers Due: midnight, Wed. Apr. 20*****

Class Thirteen: Thurs. Apr. 21 – Wed. Apr. 27

Personnel Issues, Contracts and Compensation
Contracts: Conservation or Loss of the Nonprofits Assets

Read:

Overton, Chapters 6, 7, 8

Hopkins, Chapter 10.

Class Fourteen: Thurs. Apr. 28 - Wed. May 4

Tax Law and Unrelated Business Income

Read:

Overton, Chapter 5

Hopkins, Chapters 12, 15, 18.

Class Fifteen: Thurs. May 5 – Wed. May 11

The Horizon for Nonprofits:

- a. Entrepreneurial Thinking
- b. Regulatory future

Read:

Hopkins, Chapter 21.

*****Final Exam: Posted TUES. May 10;
due midnight FRI. May 13*****

VIII. Requirements for Term Paper

A major term/research paper will investigate the legal, governance, and ethical aspects of a specific problem in a nonprofit organization. This paper will constitute the major portion of the grade in this course and will be a carefully planned effort to include the preparation of a proposal prior to writing the paper. The final term/research paper will include academic research of the legal premises underlying the paper's topic.

[Paper Proposal: A short (1/2 page) description of the organization, the issue you will address, and what will be your approach. This is due Feb. 9, 2005.]

The full term paper written assignment is to 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.

The purpose of this assignment is to bring together 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 its problems, the outcomes, and then craft your own analysis of the steps the organization should have taken to avoid the problem in the first place. The organization you select should be thoroughly researched. Remember this is a required course in the graduate Nonprofit Management curriculum and you are expected to do thorough, high-quality academic research. This research might address donor motivations, social issues, public policy, leadership, relevant legal thought or any of the many theoretical forces that impact any action an association may make. Comparative research, through an analysis of a similar situation with another nonprofit is also expected. Please make certain your work

includes references to both the theoretical material studied in this course and additional research in the field that will inform your analysis and conclusions.

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

1. Abstract: Prepare an abstract of your paper not to exceed 150 words.
- 2 Introduction: Introduce the paper and tell the reader what will follow. Describe briefly what the issue is. What happened to threaten the organization in general terms.
3. History: In this section you will describe the history of the organization. Include key individuals, organizational structure, governance, and mission. Describe physical location, assets, financial condition and size. Give a complete description of the organization and a more detailed description of the problem.
4. The Outcome: What happened as a result? Were there law suits, loss of tax-exempt status, fines, imprisonment for key leaders of the organization?
5. Theory in Practice: What theoretical knowledge about nonprofit organizations was related to the problem? Was it governance structure, board oversight, CEO/board imbalance, self-dealing? What have you learned in this course that helps you understand the problem and gives you guidance in developing a solution?
6. Recommendation: What would you recommend as a management consultant to the nonprofit in question to have kept it out of trouble?
7. Footnotes/Endnotes/Reference List: This 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. This instructor prefers Footnotes throughout the paper to Endnotes; you may use either.
8. 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.

The paper should be prepared in 12 point standard (New Times Roman, Courier) type-face, double-spaced. Their length should be between 12 and 20 pages, inclusive, and e-mailed as an attachment to the instructor. If prepared hard-copy for mailing to the instructor, they should be on white 8.5" X 11" paper, and stapled at the top left corner. **NO PRESENTATION FOLDERS PLEASE!** Papers are due: April 20, 2005. Prior permission must be received from the instructor for acceptance of late papers. Late papers will be penalized: 2-point deduction first week, 1 point per each subsequent day.

* Preface, "Vision and Values: Rethinking the Nonprofit Sector in America". PONPO Working Paper #251, The Nathan Cummings Foundation, NY.1998

For comments or more information about the Course, please e-mail Patricia Lewis, lewispat@aol.com. If you are having technical difficulties, please e-mail Rick Reo at rreo@gmu.edu or call at 703/993-8536.

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