Nathan Dietz*, Putnam Barber, Cindy Lott and Mary Shelly

Exploring the Relationship between State Charitable Solicitation Regulations and Fundraising Performance

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Abstract: In the USA, the regulatory framework for fundraising by charitable organizations has been described as a “50-state mix of fees, registration, auditing, and financial reporting requirements” (Irvin 2005, “State Regulation of Nonprofit Organizations: Accountability Regardless of Outcome.” *Nonprofit and Voluntary Sector Quarterly* 34 (2):161–178). However, little is known about how differences in state fundraising regulations might affect the ability of organizations to raise funds from donors. State charities regulation is intended to cultivate an environment that incentivizes giving and reduces fraud, where donor dollars are maximized for the mission to which they are given. Whether current charitable solicitation regulations actually succeed or impede this regulatory goal is the subject of this paper. For this research, we create an index of fundraising regulatory breadth, based on the presence or absence of key components of state charitable solicitation regulations. We use a nationally representative, longitudinal database to examine the impact of state fundraising regulations on fundraising performance. The database, which contains details of over 110 million gift transactions recorded by charities between 2006 and 2016, permits the creation of several organization-level metrics used by professional fundraisers. These metrics serve as dependent variables in multivariate models, where the control variables characterize the charitable environment of the states where the organizations are located. Although space does not permit a complete description of our results, we suggest that further research will add to the understanding of how to construct effective regulation of these and other transactions. The analysis compares state-level measures of fundraising performance, which summarize the organization-

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*Corresponding author: Nathan Dietz, Center on Nonprofits and Philanthropy, The Urban Institute, Washington, DC, USA; School of Public Policy, University of Maryland – Do Good Institute, College Park, MD, USA, E-mail: ndietz@urban.org
<http://orcid.org/0000-0002-4543-0202>

Putnam Barber, University of Washington Seattle (ret.), Seattle, WA, USA,
E-mail: putnam.barber@gmail.com

Cindy Lott, Director, Nonprofit Management Programs, School of Professional Studies, Columbia University, New York, NY, USA, E-mail: cml2137@columbia.edu

Mary Shelly, Uniform Law Commission, Chicago, IL, USA, E-mail: mlshelly@umich.edu

level metrics calculated from the multivariate analysis, with the state-level values of the regulatory breadth index. The results of the analysis suggest that organizations tend to have lower values for these fundraising metrics, controlling for the characteristics of the state's charitable environment, in states that have more robust regulatory regimes (where more activities are covered). However, these results appear to be largely a result of the influence of those states where both (1) regulatory breadth is greater and (2) the oversight system is *bifurcated*: that is, oversight of fundraising is located in both the state attorney general's office and another state agency, such as a secretary of state's office.

Keywords: charitable solicitations, state charities regulation, charities regulations, fundraising metrics

Introduction

To solicit donations from the public, nonprofit organizations in the United States must comply with a number of registration and reporting requirements enacted by state governments. Some form of these requirements is currently present in 47 states, but state registration requirements vary considerably regarding which organizations, activities, and professional relationships are covered; which office is responsible for oversight; and what activities the nonprofits are required to report. Although the existence of these regulations helps to satisfy the public's demand for accountability in the nonprofit sector (Staff of the Senate Finance Committee 2004), little is known about how differences in state fundraising regulations might affect the ability of organizations to raise funds from charitable donors.

Answering this question requires researchers to resolve three measurement questions: how to characterize the state's approach to regulating fundraising activities, how to measure the fundraising performance of organizations, and how to measure enforcement of current regulations. This paper presents the first results from a research project that addresses the first two of those three measurement challenges and highlights the need for research on the third question. Conducted by a multidisciplinary team of authors, our research features unique data from two sources. For the first phase of the analysis, we reviewed the fundraising statutes of all fifty states and Washington, D.C. and used ten regulatory indicators to create an index that measures the robustness of the state's regulatory regime. To measure fundraising performance, we used data from over 110 million individual contributions to over 10,000 organizations from 2006 to the present, collected by the Growth in Giving Initiative (GiG) from

vendors of donor software. The analysis exploits the longitudinal structure of the GiG database, as well as the fact that the data cover a wide geographic area. Because the database contains historical information about the timing of contributions made by individual donors to specific organizations, it can be used to create standard organization-level fundraising metrics that are difficult (if not impossible) to calculate using other data sources. These metrics include several basic measures commonly used by professional fundraisers such as dollars raised, but also more sophisticated measures such as donor retention and new donor acquisition.

This article focuses on the creation of the state regulatory index and discusses the results of the quantitative analysis – and the caveats associated with the trends we found – in general terms only. The quantitative analysis proceeds in two stages: In the first stage, the GiG fundraising metrics serve as dependent variables in multivariate models, where the independent variables are measures of the fundraising environment in the state where the organization is located. The second stage involves comparing state-level fundraising metrics – which are derived from the organization-specific metrics generated by the first-stage analyses – with the values of the index of regulatory breadth. The preliminary results of the analysis suggest that organizations tend to have lower values for these fundraising metrics, controlling for the fundraising environment, primarily in states that have (1) a robust regulatory regime (covering more activities) *and* (2) a bifurcated oversight system – that is, one where oversight of fundraising is located within a state attorney general's office as well as another state agency.

Theoretical Motivation and Literature Review

Reviews of the history of regulations regarding charitable solicitations (e. g., Barber and Farwell 2016) discuss the steady increase in the number of states that regulate these activities since the early twentieth century. One significant motivation has been to instill confidence in donors, and the general public, that charitable contributions will fund donor-directed activities. However, to date, very little published research has focused specifically on the impacts of state regulation of charitable solicitations, in part because of the challenges of characterizing state regulatory environments for nonprofits. One of the earliest attempts to map the state-level landscape of nonprofit regulation was a study done in the 1970s by the Ohio Attorney General's Office, as one among many studies conducted for the Commission on Private Philanthropy and Public Needs (the "Filer Commission") (Office of the Ohio Attorney General 1977). This study

used state statutes and surveys of state regulators to identify and assess various forms of authority that could be present in each state.

In a later study, Irvin (2005) used a simpler method to divide states into two groups: those with registration and reporting requirements for nonprofits, and those (six at the time) with no such requirements (164). Irvin's study attempted to calculate the net benefits of nonprofit regulation generally by comparing the costs of compliance with state regulations against the benefits to society of such regulation. Her measures include total donations to charity, which, according to Irvin, signal public trust in the sector; the costs of compliance; and qualitative data on enforcement activity in the states with no regulation (168–172). Irvin argues for partial deregulation of the sector because costs of compliance are high and because regulatory requirements do not seem to be related to support for the state's charities (173).

More recently, several scholars have investigated the link between state regulations and outcomes other than the amount contributed to charitable causes. Desai and Yetman (2005) examine state laws regarding governance and reporting requirements, as well as fully adjudicated cases reported by the media to enforce the state laws, to map the landscape of regulations addressing governance in nonprofit organizations within each state. The state laws examined in their study include factors ranging from notice requirements to legal standing, *cy pres* provisions to audit requirements, among others (7–8). The authors use data on these regulations to construct two indices, a “detection index” and a “prosecution index,” by counting the number of requirements present in state statutes (9). They find that, in states with higher values for the detection index, harmful outcomes such as excessive managerial compensation, unreasonable fundraising expenditures, and reduced “charitable spending” are less prevalent (19–20). A 2016 study regarding private foundation compliance with new state-level regulations (Galle 2016) also involved mapping part of the regulatory landscape. Galle used data about staff and resources available to state attorney general offices as well as state statutes granting legal standing to private individuals (18–20) to measure the opportunity for enforcement. However, the study found no correlation between the resources for enforcement and private foundations' compliance with state law (25).

Although some of these studies had limited geographical scope – Irvin's study, for instance, compared the six nonregulated states, which are primarily western states with low-density populations, with the others – other attempts to fully characterize state regulatory environments have additional conceptual limitations. As argued in a recent study published by the Center on Nonprofits and Philanthropy at the Urban Institute and Columbia Law School's

Charities Regulation and Oversight Project (Lott et al. 2016a), public enforcement actions, *i.e.*, civil or criminal trials, are only a small fraction of the enforcement activity taken by state regulators (Lott et al. 2016a, 5–6). Thus, studies that focus on litigation activity reported in the media often fail to account for other types of enforcement activity, often more subtle or one-on-one between the regulating office and the organization. In addition, state attorneys general typically also have common law authority to bring certain types of enforcement actions, such as prosecuting fraud (National Association of Attorneys General 2013). As a result, studies that focus solely on the statutory authority of the regulators often fail to account for the complete range of enforcement activity, and will likely underestimate the level of enforcement capacity in a state where few laws regarding charitable solicitations are on the books.

In general, the impact of “enforcement” on the effectiveness of state regulation upon fundraising needs further investigation and data collection by researchers. In recent decades, many states have changed their statutes to emphasize the importance of public disclosure of solicitation-related activities, rather than the need to report these requirements to regulatory staff (Barber and Farwell 2016). Although some have speculated that reporting requirements may induce organizations to change their behavior in response to a perceived increase in awareness by donors, most agree that regulators need to play an active role in enforcing regulations (*ibid.*). For this reason, enforcement must be measured directly to reach conclusions about impact, especially if the goal is to establish connections between state fundraising regulations, the ability of charities to raise significant amounts in contributions, and the level of “public trust” in the nonprofit sector. However, to date, the existing literature has not yet identified the most effective measures and data sources for enforcement; by counting fraud cases reported in the media, fully adjudicated cases taken to trial, and other observable court-based actions, most studies are not considering the entire spectrum of tools of enforcement available to state charities oversight officers.

Creating a State Index of Regulatory Breadth

Our index of regulatory breadth is based in part on a recently published report (Lott et al. 2016a) that features a complete and systematic analysis of state-level oversight and regulation of charities. The analysis featured in this report has three components: a legal analysis of laws pertaining to charities in 56 US jurisdictions; a survey of all state and territory offices with oversight,

regulatory, and enforcement authority over charities (with at least one office within 47 jurisdictions completing the survey); and interviews with officials in over two-thirds of the responding offices. The report's release was accompanied by on-line publication of a state-level compendium of state charitable regulations. We enhanced the data from this publicly available compendium (Lott et al. 2016b) by conducting further legal research into elements of regulatory requirements for fundraising.

Our analysis begins with a review of state-level regulations that require charities and/or their fundraisers to notify the state, donors, or the public about certain aspects of their organization's status, activities or professional relationships. These requirements offer both the possibility of detection of problems within an organization and also invite public scrutiny. We utilize these regulations due in part to the availability of other relevant data; as Lott et al. (2016a) observe, "little systematic information exists on the parameters, frequency, consistency, challenges, and benefits of the state regulatory and enforcement structure." Our index focuses on registration, notice and filing requirements, and not on common law, which often supports oversight in practice.

Following previous studies, we measure state-level regulatory breadth by counting the number of important indicators found in each state's regulatory code specific to charitable solicitation. We also consulted current or former state regulators to find out which indicators they would consider hallmarks of a robust regulatory regime. Generally, these indicators capture one or more general characteristics of the way states oversee charities and those who fundraise on their behalf:

- 1) To whom do the regulations apply/what kinds of individuals/organizations are regulated?
- 2) What aspects of the relationship between an organization and its fundraiser(s) does the state regulate?
- 3) What does the state's regulatory scheme prohibit? and
- 4) What information is available to the public and donors?

Ultimately, after consulting with our group of state regulators, we created an index of "regulatory breadth" using the following ten elements:

- Does the state require registration by charitable organizations?
- Does the state require registration by commercial fundraisers?
- Does the state require bonding of professional fundraisers?
- Does the state require registration by fundraising counsel?
- Does the state oversee commercial co-venturing (by requiring that the co-venture be registered or by requiring that the charitable organization file the co-venture contract)?

- Does the state require annual financial reporting by charitable organizations in addition to filing a copy of the 990 with the regulator (if filing 990 is required)?
- Does the state require annual financial reporting by commercial fundraisers?
- Does the state require a copy of any contract between a charitable organization and a commercial fundraiser or fundraising counsel be filed with the regulator?
- Does the state require the fundraisers to provide notice to the regulator before any solicitation campaign (in addition to annual registration and/or filing the contract)?
- Does the state require specified disclosures to donors?

These ten items form a relatively unidimensional and cohesive (Cronbach's $\alpha = 0.850$) index. In addition, almost all of the final index items load onto the first principal component identified in exploratory analysis of the available data.

The compendium published with Lott et al. (2016b) contains state-level data on many of these characteristics for all fifty states plus DC. After collecting data on the remaining indicators, we then coded each state as a “yes” or “no” based on our reading of state statutes. If the statute indicated that the state required the index item in any degree, no matter how narrow the requirement, we coded the item a “yes” for that state. If the state's statutes were silent about a particular indicator, we coded the item a “no.” We constructed the index value for each state by simply counting the number of “yes” entries across the ten items. Appendix A contains the yes/no values for each state for each of the ten indicators we selected for our index of regulatory breadth.

The index has several desirable qualities, but also definite limitations – in particular, it does not attempt to measure enforcement of the regulations. As Lott et al. (2016a) observe, state charity offices vary substantially in their enforcement capacity, due to differences in budget constraints, staff turnover and training, and the office or offices where oversight authority is located. The extreme right column of Appendix A also contains a yes/no measure that indicates whether the state charity office involves bifurcated regulatory and enforcement jurisdiction. Bifurcated jurisdiction does not by itself indicate the strength of a state charity office's capacity to enforce fundraising regulations; the 23 states with bifurcated jurisdictions vary in many important ways. However, collaboration and coordination between the offices is especially important in these states, especially when budget and staff constraints may affect enforcement capacity.

Characterizing Fundraising Performance

The Growth in Giving Initiative

After creating our state-level index of regulatory breadth, we use data collected by the Growth in Giving Initiative (GiG) to develop measures of fundraising performance. The GiG, launched in 2012 by the Association of Fundraising Professionals (AFP) and the Center on Nonprofits and Philanthropy at the Urban Institute, uses a unique data collection process that allows vendors of donor software to contribute anonymized data on four gift-transaction data fields: Organization ID, Donor ID (both anonymized, and time-consistent so that a donor's history of giving to an organization can be traced through time), Date of Receipt and Amount of Gift. Although the anonymized dataset has certain limitations – it cannot be used to trace all the organizations a single donor supports, for instance – these fields can produce dozens of key metrics of fundraising performance, including many used by professional fundraisers, such as donor retention and acquisition rates.

To date, software vendors have contributed data on over 110 million individual contributions recorded by over 10,000 client organizations from 2006 to the present. Certain types of organizations in the GiG database tend to be underrepresented, such as very small and very large organizations (both of which are unlikely to be users of commercial software). However, the database tends to be substantively and geographically representative of small and medium-sized nonprofit organizations (Giving USA Philanthropy Spotlight 2016), while the large number of organizations boosts the statistical power of our analysis.

Empirical Analysis of State-Level Generosity

To begin, we develop a series of multivariate models, where the dependent variables are measures of the organization's fundraising performance in a given year. Using the GiG database, we create five organization-level metrics that serve as dependent variables. These metrics include total amount contributed to the organization from all donors (within a given year); total number of gifts received; total number of unique people making donations; number of existing donors who gave the following year ("donors retained"); and number of new donors who had not given to the organization. All variables are logged to temper the impact of extremely large organizations.

The goal of our analysis is to model the charitable environment of the place where the organization is located, and use the results to isolate the impact of organization-specific factors that influence fundraising performance. Although some earlier studies (Seeley 1957; Havens and Schervish 2005, 2007) developed multivariate models of the charitable environment, we borrow the model specification used by Brown and Rooney (2005). The Brown-Rooney model contains measures of a number of state-level socioeconomic and demographic characteristics as well as measures of state economic conditions. We add a proxy for the organization's size: the number of donors contributing to the organization in a given year. Although the Brown-Rooney dependent variable – average amount contributed to charity by individuals who itemize their tax returns – is different from ours, their model specification appears to perform well overall for our organization-specific dependent variables. Appendix B contains descriptive statistics for the variables in our multivariate models.

Because many organizations in the GiG database have contributions data for all ten years (2006–2015), we can use panel-data methods to isolate unmeasured organization-specific effects that influence fundraising. Appendix C contains the results of our five panel-data multivariate regression models. For each model, we estimate a fixed-effects model and retrieve the organization-specific fixed effects from the results. Assuming that the multivariate model is correctly specified, the fixed effects are unbiased, consistent measures of these organization-specific effects.

The fixed effects can also be interpreted as measures of the extent to which the organization's fundraising performance exceeds – or falls short of – expected levels, controlling for the measurable variables that capture the state's baseline charitable environment. For each dependent variable, we use the median values of these organization-specific fixed effects to form state-level fundraising metrics. The cardinal values of these state-level measures are difficult to interpret, and their normative implications even more so: organizations may raise prodigious amounts of funds by engaging in unethical or illegal practices, or may attract support from donors for personal reasons that are unrelated to the activities of state regulators or any other measurable factors. However, higher/positive values for our fundraising metrics indicate that the organizations in that state tended to raise more money, collect contributions from more donors, and/or acquire more new donors than would be expected given the state's fundraising environment. Similarly, lower/negative values indicate that the organizations have lower-than-predicted performance in collecting contributions, controlling for other factors in the state.

Comparison of State Regulatory Robustness and Fundraising Performance

Finally, we investigate the relationship between our five metrics of fundraising performance and the scores on our index of regulatory breadth. Simple correlations of these state-level measures show that states with higher scores on the regulatory index tend to have slightly lower values for all five metrics, controlling for all other factors (but, notably, not for levels of enforcement which, as noted, cannot be measured from currently available data). Data from the District of Columbia are excluded from all results, because the observations are outliers in each model. The correlations also suggest that greater regulatory breadth is more strongly associated with lower amounts for total dollars raised, total number of gifts received, and total number of people donating, while having less effect on retention of existing donors or acquisition of new donors, controlling for the fundraising environment.

However, the state-level relationships appear to be curvilinear: for each metric, we see a larger difference in median fundraising performance between states with index values between 7 and 10 (inclusive) than between states with index values between 0 and 6 (inclusive). To control for other observable differences in the structure of state charity offices, we create a four-category variable that separate states into categories based on whether they have broad or narrow regulatory breadth (scores of 7–10 on the index vs. 0–6), or bifurcated or non-bifurcated jurisdiction for nonprofit oversight. We use the resulting four-category variable to examine whether robust regulation and bifurcated jurisdiction, taken together, are associated with higher or lower state-level fundraising metrics, controlling for environmental factors. The results (seen in Appendix D) suggest, in general, that these metrics are likely to be lower in states with both high regulatory breadth (high index values) and bifurcated jurisdiction over nonprofit oversight.

Conclusion

This paper attempts to shed new light on the question of the nature and strength of the relationship between regulations on charitable solicitations and the ability of charities to raise funds. State regulation of charitable solicitation is premised on the theory that regulation that prevents fraud helps create a giving environment that protects the donor dollar as it moves through the donative stream, from donor to its mission-based purpose. With sufficient trust in the sector, it is believed that giving will increase, whether on a donor's own initiative

or through affirmative fundraising. In a sector with particularly limited resources, both for the recipient organizations and for the regulatory community as well, it is imperative that we understand whether regulatory resources that are deployed actually increase protection of that donor dollar and, in turn, increase giving through fundraising.

Previous research has yielded little conclusive evidence about this relationship between state charities regulation and fundraising, partly because of two distinct measurement challenges: estimating the deterrent or enhancement effect of public disclosure requirements on the ability of organizations to raise funds, and assessing the enforcement activities of state charity offices. Overall, the results of our analysis suggest that small and medium-sized organizations in states with broad fundraising regulations and bifurcated jurisdiction over enforcement of these regulations tend to have lower values on several common measures of fundraising performance, controlling for measurable characteristics of the state's charitable environment.

A complete explanation for these results awaits future work, but the state regulatory regime and the structure and practice of the state charity office(s) may influence these results in at least two ways. First, the registration requirements, as written and implemented, may help determine which organizations incorporate as public charities. Second, although many of the characteristics and practices of the organizations in the GiG dataset remain unmeasured, charities that raise money in many jurisdictions may base their choice of fundraising strategies, at least in part, on the specific features of the regulations in their "home" state and perceptions of the pattern of local enforcement. Finally, donors may also be reacting to their own perceptions of the pattern of local enforcement in the state where the organization is located, especially when they are unsure about the roles played by the agencies that share oversight and enforcement responsibilities. We hope that further analysis, particularly with regard to enforcement, will add to our understanding of how the breadth and enforcement of state fundraising regulations are related to the fundraising performance of nonprofit organizations.

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Appendix A: Final list of indicators and index scores.

State	Index values (equal weighting)	Does the state require the fundraisers to provide notice to the regulator before any solicitation campaign (in addition to annual registration and/or filing the contract)?	Does the state require registration by commercial fundraisers?	Does the state require registration by charitable organizations?	Does the state require annual financial reporting by commercial fundraisers?	Does the state require a copy of any contract between a charitable organization and a commercial fundraiser or fundraising counsel be filed with the regulator?	Does the state oversee coventuring (e.g. by requiring that the co-venture be registered or by requiring that the organization files the co-venture contract)?	Does the state require registration by fundraising counsel?	Does the state require specified disclosures to donors?	Does the state require annual financial reporting by charitable organizations in addition to filing a copy of the 990 with the regulator (if filing 990 is required)?	Does the state require bonding of professional fundraisers?	Bifurcated jurisdiction
Alabama	8	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Alaska	7	No	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No
Arizona	0	No	No	No	No	No	No	No	No	No	No	Yes
Arkansas	9	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
California	9	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Colorado	7	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes	Yes
Connecticut	8	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
Delaware	1	No	No	No	No	No	No	No	Yes	No	Yes	Yes
Washington, D.C.	6	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	No
Florida	10	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Georgia	7	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes
Hawaii	8	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Idaho	0	No	No	No	No	No	No	No	No	No	No	No

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State	Index values (equal weighting)	Does the state require the fundraisers to provide notice to the regulator before any solicitation campaign (in addition to annual registration and/or filing the contract)?	Does the state require registration by commercial fundraisers?	Does the state require registration by charitable organizations?	Does the state require annual financial reporting by commercial fundraisers?	Does the state require a copy of any contract between a charitable organization and a commercial fundraiser or fundraising counsel be filed with the regulator?	Does the state oversee coventuring (e.g., by requiring that the co-venture be registered or by requiring that the charitable organization files the co-venture contract)?	Does the state require registration by fundraising counsel?	Does the state require specified disclosures to donors?	Does the state require annual financial reporting by charitable organizations in addition to filing a copy of the 990 with the regulator (if filing 990 is required)?	Does the state require bonding of professional fundraisers?	Bifurcated jurisdiction
Illinois	8	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Indiana	6	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	No	No
Iowa	4	No	Yes	No	No	Yes	No	No	Yes	Yes	No	No
Kansas	6	No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes
Kentucky	7	No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No
Louisiana	6	No	Yes	Yes	No	Yes	Yes	No	Yes	No	Yes	No
Maine	6	No	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No
Maryland	9	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes
Massachusetts	9	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Michigan	6	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Minnesota	9	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	No
Mississippi	10	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Missouri	5	No	Yes	Yes	Yes	No	No	No	Yes	Yes	No	No
Montana	0	No	No	No	No	No	No	No	No	No	No	No

(continued)

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State	Index values (equal weighting)	Does the state require the fundraisers to provide notice to the regulator before any solicitation campaign (in addition to annual registration and/or filing the contract)?	Does the state require registration by commercial fundraisers?	Does the state require charitable organizations?	Does the state require annual financial reporting by commercial fundraisers?	Does the state require a copy of any contract between a charitable organization and a commercial fundraiser or fundraising counsel be filed with the regulator?	Does the state oversee commercial-coventuring (e.g., by requiring that the co-venture be registered or by requiring that the charitable organization files the co-venture contract)?	Does the state require registration by fundraising counsel?	Does the state require specified disclosures to donors?	Does the state require annual financial reporting by charitable organizations in addition to filing a copy of the 990 with the regulator (if filing 990 is required)?	Does the state require bonding of professional fundraisers?	Bifurcated Jurisdiction
Nebraska	0	No	No	No	No	No	No	No	No	No	No	No
Nevada	2	No	No	Yes	No	No	No	No	Yes	No	No	Yes
New Hampshire	9	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No
New Jersey	9	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
New Mexico	5	No	Yes	Yes	No	Yes	No	No	Yes	No	Yes	No
New York	9	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
North Carolina	7	No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
North Dakota	6	No	Yes	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes
Ohio	9	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No
Oklahoma	3	No	Yes	Yes	No	No	No	No	Yes	No	No	Yes
Oregon	9	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Pennsylvania	9	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Rhode Island	6	No	Yes	Yes	No	Yes	No	Yes	Yes	No	Yes	Yes
South Carolina	9	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes

(continued)

Appendix B: Descriptive statistics – independent and dependent variables.

Descriptive Statistics – Independent Variables:			
Variable	Mean	Std. Dev	N
Number of Donors	780.977	3130.384	64,084
Percentage that itemize anything	0.328	0.060	50,012
Percentage Roman Catholic	0.419	0.188	50,012
Median Age (years)	37.592	2.130	50,012
Average AGI (\$ in 000s)	62.682	10.399	50,012
Percent African American	0.121	0.092	50,012
Percentage of itemizers that itemize a gift	0.816	0.028	50,012
Percentage of AGI that is from investment	0.054	0.015	50,012
Tax burden (per Tax Foundation)	0.098	0.011	50,012
Percentage Evangelical	0.285	0.167	50,012
Percentage with B. A. or B.S.	0.303	0.056	50,012
Percentage living below poverty line	0.145	0.027	50,012
Percentage Mainline Protestant	0.155	0.079	50,012
Volunteer Rate	0.265	0.048	50,012
Descriptive Statistics – Dependent Variables:			
Ln(Total Amount Contributed)	11.687	2.405	64,084
Ln(Total Number of Contributions)	5.440	2.251	64,084
Ln(Number of Donors)	5.060	2.104	64,084
Ln(Number of Retained Donors)	4.402	1.974	52,536
Ln(Number of New Donors)	4.738	1.694	53,906

Appendix C: Multivariate analysis – summary table and detailed results.

Variable	Brown and Rooney	Total Money Contributed	Total Number of Gifts	Total Number of Donors	Donors Retained	New Donors
Number of Donors	Not included	+	+	N/A	+	+
Percentage that itemize anything	-	-	-	-	-	-
Percentage Roman Catholic	-	-	-	-	-	-
Median Age (years)	+	+	+	+	+	+
Average AGI (\$ in 000s)	+	+	-	-	+	+
Percent African American	+	+	+	+	+	+
Percentage of itemizers that itemize a gift	+	+	+	+	+	+
Percentage of AGI that is from investment income	+	-	-	-	-	-
Tax burden (per Tax Foundation)	Not sig.	-	+	+	+	-
Percentage Evangelical	Not sig.	-	+	+	+	-
Percentage with B. A. or B.S.	Not sig.	+	+	+	+	+
Percentage living below poverty line	Not sig.	-	-	-	-	-
Percentage Mainline Protestant	Not sig.	-	-	-	-	-
Volunteer Rate	Not included	-	-	-	-	-
Constant	-	-	-	-	-	-

Model 1:	Total Amount Contributed (logged)			
Variable	Coefficient	Std. Err.	z-score	p-value
Number of Donors	0.000	0.000	2.550	0.011
Percentage that itemize anything	-5.559	0.761	-7.300	0.000
Percentage Roman Catholic	-0.938	0.517	-1.810	0.070
Median Age (years)	0.180	0.038	4.690	0.000
Average AGI (\$ in 000s)	0.014	0.003	4.190	0.000
Percent African American	16.551	3.042	5.440	0.000
Percentage of itemizers that itemize a gift	3.611	0.663	5.440	0.000
Percentage of AGI that is from investment	-2.304	0.576	-4.000	0.000

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Model 1:		Total Amount Contributed (logged)		
Variable	Coefficient	Std. Err.	z-score	p-value
Tax burden (per Tax Foundation)	2.468	4.111	0.600	0.548
Percentage Evangelical	0.488	0.346	1.410	0.159
Percentage with B. A. or B.S.	26.263	1.622	16.190	0.000
Percentage living below poverty line	-10.313	1.021	-10.100	0.000
Percentage Mainline Protestant	-0.009	0.947	-0.010	0.992
Volunteer Rate	-0.740	0.523	-1.420	0.157
Constant	-5.122	1.539	-3.330	0.001
Model R-Squared (overall):	0.008			
F-Statistic:	168.72		(p < 0.0001)	

Model 2:		Number of Gifts Made (logged)		
Variable	Coefficient	Std. Err.	z-score	p-value
Number of Donors	0.000	0.000	2.370	0.018
Percentage that itemize anything	-4.401	0.716	-6.140	0.000
Percentage Roman Catholic	-1.129	0.492	-2.290	0.022
Median Age (years)	0.169	0.036	4.760	0.000
Average AGI (\$ in 000s)	0.006	0.003	1.890	0.059
Percent African American	17.604	2.770	6.360	0.000
Percentage of itemizers that itemize a gift	4.050	0.604	6.710	0.000
Percentage of AGI that is from investment	-1.243	0.534	-2.330	0.020
Tax burden (per Tax Foundation)	-0.152	3.789	-0.040	0.968
Percentage Evangelical	1.261	0.322	3.920	0.000
Percentage with B. A. or B.S.	27.992	1.534	18.240	0.000
Percentage living below poverty line	-9.283	0.942	-9.860	0.000
Percentage Mainline Protestant	-1.770	0.859	-2.060	0.039
Volunteer Rate	-0.415	0.468	-0.890	0.375
Constant	-11.813	1.428	-8.270	0.000
Model R-Squared (overall):	0.051			
F-Statistic:	187.01		(p < 0.0001)	

Model 3:		Number of Donors (logged)			
Variable	Coefficient	Std. Err.	z-score	p-value	
Number of Donors					Omitted
Percentage that itemize anything	-4.361	0.692	-6.300	0.000	
Percentage Roman Catholic	-1.105	0.423	-2.620	0.009	
Median Age (years)	0.143	0.034	4.160	0.000	
Average AGI (\$ in 000s)	0.006	0.003	1.940	0.052	
Percent African American	16.840	2.733	6.160	0.000	
Percentage of itemizers that itemize a gift	3.522	0.572	6.150	0.000	
Percentage of AGI that is from investment income	-1.196	0.520	-2.300	0.021	
Tax burden (per Tax Foundation)	0.167	3.573	0.050	0.963	
Percentage Evangelical	1.210	0.285	4.240	0.000	
Percentage with B. A. or B.S.	26.678	1.415	18.860	0.000	
Percentage living below poverty line	-8.964	0.924	-9.700	0.000	
Percentage Mainline Protestant	-1.165	0.821	-1.420	0.156	
Volunteer Rate	-0.276	0.456	-0.600	0.546	
Constant	-10.372	1.353	-7.670	0.000	
Model R-Squared (overall):	<0.0001				
F-Statistic:	167.11			($p < 0.0001$)	

Model 4:		Number of Donors Retained (logged)			
Variable	Coefficient	Std. Err.	z-score	p-value	
Number of Donors	0.000	0.000	2.280	0.023	
Percentage that itemize anything	-1.640	0.573	-2.860	0.004	
Percentage Roman Catholic	-0.808	0.390	-2.070	0.038	
Median Age (years)	0.107	0.028	3.770	0.000	
Average AGI (\$ in 000s)	0.006	0.002	2.340	0.019	
Percent African American	10.640	2.317	4.590	0.000	
Percentage of itemizers that itemize a gift	1.219	0.463	2.630	0.009	
Percentage of AGI that is from investment income	-0.557	0.426	-1.310	0.192	
Tax burden (per Tax Foundation)	4.819	3.211	1.500	0.133	
Percentage Evangelical	1.019	0.270	3.780	0.000	
Percentage with B. A. or B.S.	16.753	1.191	14.070	0.000	
Percentage living below poverty line	-2.003	0.769	-2.610	0.009	
Percentage Mainline Protestant	-1.065	0.753	-1.410	0.158	
Volunteer Rate	-0.392	0.365	-1.080	0.282	
Constant	-6.587	1.084	-6.070	0.000	
Model R-Squared (overall):	0.0022				
F-Statistic:	105.6			($p < 0.0001$)	

Model 5:	New Donors Acquired (logged)			
Variable	Coefficient	Std. Err.	z-score	p-value
Number of Donors	0.000	0.000	2.340	0.019
Percentage that itemize anything	-1.074	0.607	-1.770	0.077
Percentage Roman Catholic	-0.999	0.433	-2.310	0.021
Median Age (years)	0.002	0.028	0.070	0.944
Average AGI (\$ in 000s)	0.007	0.003	2.750	0.006
Percent African American	4.745	2.348	2.020	0.043
Percentage of itemizers that itemize a gift	4.133	0.506	8.160	0.000
Percentage of AGI that is from investment income	-0.126	0.487	-0.260	0.797
Tax burden (per Tax Foundation)	1.832	3.397	0.540	0.590
Percentage Evangelical	-0.647	0.275	-2.350	0.019
Percentage with B. A. or B.S.	7.968	1.300	6.130	0.000
Percentage living below poverty line	-2.566	0.827	-3.100	0.002
Percentage Mainline Protestant	0.060	0.770	0.080	0.938
Volunteer Rate	-0.347	0.396	-0.880	0.381
Constant	-0.977	1.140	-0.860	0.391
Model R-Squared (overall):	0.0476			
F-Statistic:	28.08		(p < 0.0001)	

Appendix D: Final-stage model results – state-level relationships.

Dependent Variable – Median Organization-Specific Effect for:					
	Coefficient (Unstd.)	Std. Error	Standardized Beta	t-statistic	p-value
1) Total Amount Contributed					
Bifurcated State – Broad Regulations	-2.099	0.557	-0.612	-3.766	0.000
Non-Bifurcated State – Broad Regulations	-0.830	0.553	-0.244	-1.500	0.140
Bifurcated State – Narrow Regulations	0.523	0.980	0.072	0.534	0.596
Non-Bifurcated State – Narrow Regulations				Reference Category	
Constant	0.826	0.440		1.874	0.067
Model R-Squared:	0.290				
F-Statistic:	6.256	(p = 0.001)			

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Dependent Variable – Median Organization-Specific Effect for:

	Coefficient (Unstd.)	Std. Error	Standardized Beta	t-statistic	p-value
2) Total Number of Gifts					
Bifurcated State – Broad Regulations	−2.222	0.605	−0.603	−3.670	0.001
Non-Bifurcated State – Broad Regulations	−1.042	0.601	−0.285	−1.734	0.090
Bifurcated State – Narrow Regulations	0.555	1.065	0.071	0.521	0.605
Non-Bifurcated State – Narrow Regulations				Reference Category	
Constant	0.926	0.478		1.935	0.059
Model R-Squared:	0.275				
F-Statistic:	5.808		(p = 0.002)		
3) Total Number of Donors					
Bifurcated State – Broad Regulations	−2.063	0.572	−0.594	−3.608	0.001
Non-Bifurcated State – Broad Regulations	−0.874	0.568	−0.254	−1.539	0.131
Bifurcated State – Narrow Regulations	0.521	1.006	0.071	0.518	0.607
Non-Bifurcated State – Narrow Regulations				Reference Category	
Constant	0.752	0.452		1.664	0.103
Model R-Squared:	0.271				
F-Statistic:	5.692		(p = 0.002)		
4) Retention of Existing Donors					
Bifurcated State – Broad Regulations	−1.191	0.402	−0.510	−2.966	0.005
Non-Bifurcated State – Broad Regulations	−0.583	0.399	−0.252	−1.463	0.150
Bifurcated State – Narrow Regulations	0.402	0.706	0.081	0.569	0.572
Non-Bifurcated State – Narrow Regulations				Reference Category	
Constant	0.270	0.317		0.852	0.399
Model R-Squared:	0.205				
F-Statistic:	3.950		(p = 0.014)		
5) Acquisition of New Donors					
Bifurcated State – Broad Regulations	−0.737	0.201	−0.607	−3.659	0.001
Non-Bifurcated State – Broad Regulations	−0.548	0.200	−0.456	−2.742	0.009
Bifurcated State – Narrow Regulations	0.005	0.354	0.002	0.014	0.989
Non-Bifurcated State – Narrow Regulations				Reference Category	
Constant	0.516	0.159		3.241	0.002
Model R-Squared:	0.259				
F-Statistic:	5.356		(p = 0.003)		