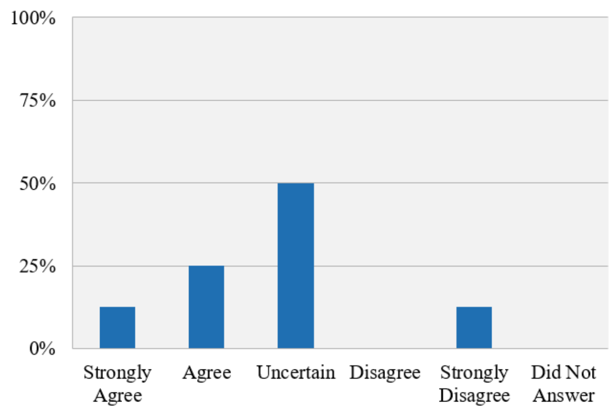
Nonprofit Finance

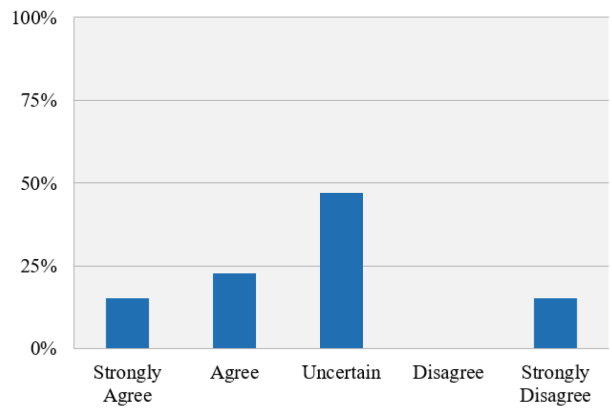
Question 1:

Tax-exempt nonprofits generate public benefits that exceed the value of foregone tax revenue

Response



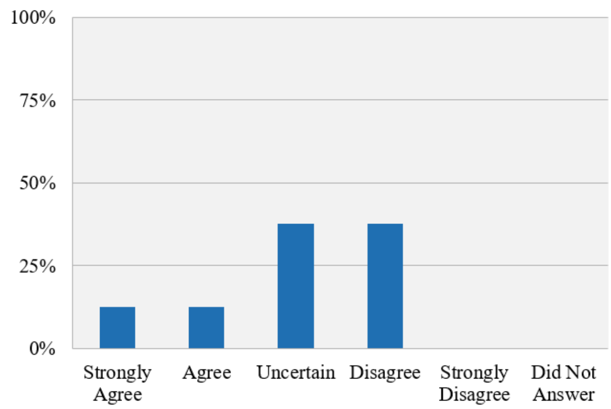
Weighted by each expert's confidence



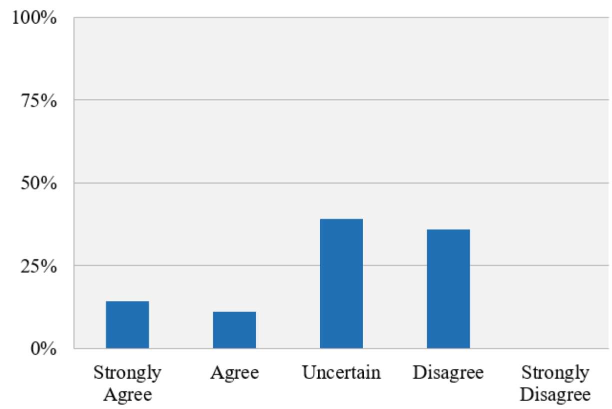
Question 2:

In many commercial markets, nonprofits have a competitive advantage over for-profit firms because they are generally exempt from corporate income and property taxes

Response



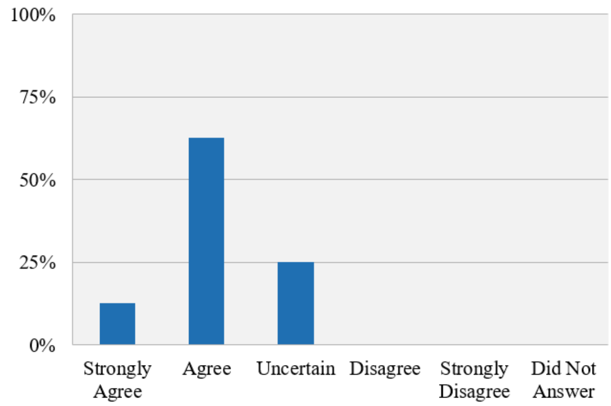
Weighted by each expert's confidence



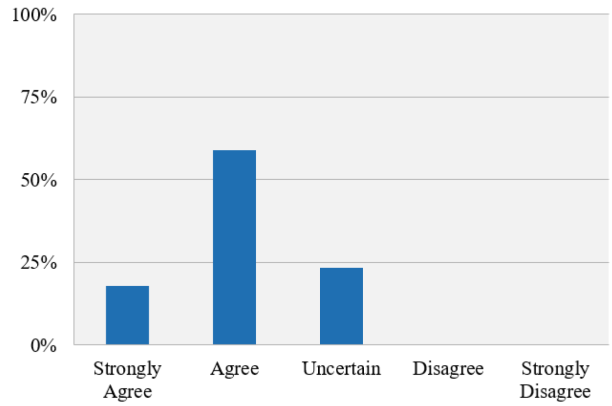
Question 3:

The U.S. government should continue to allow eligible nonprofit organizations to issue tax-exempt bonds

Response



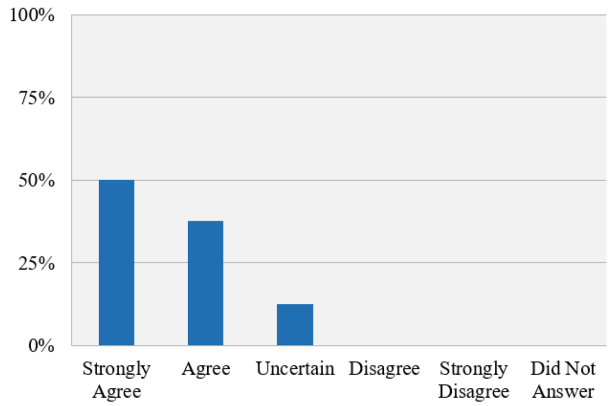
Weighted by each expert's confidence



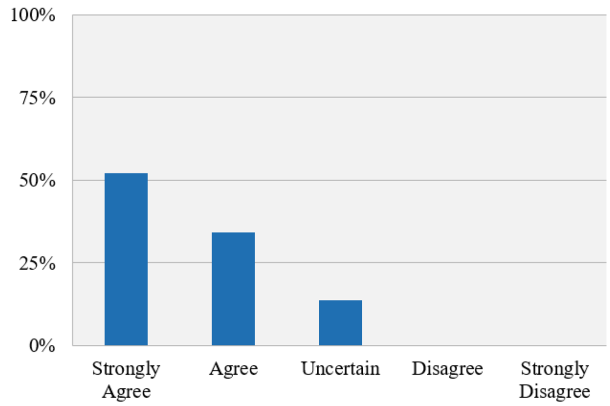
Question 4:

The U.S. government should strengthen financial disclosure requirements for nonprofit organizations

Response



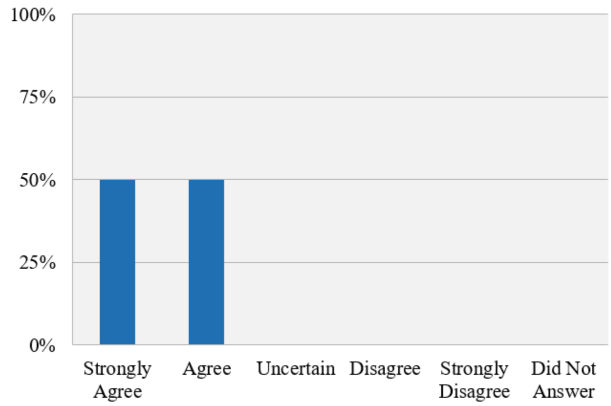
Weighted by each expert's confidence



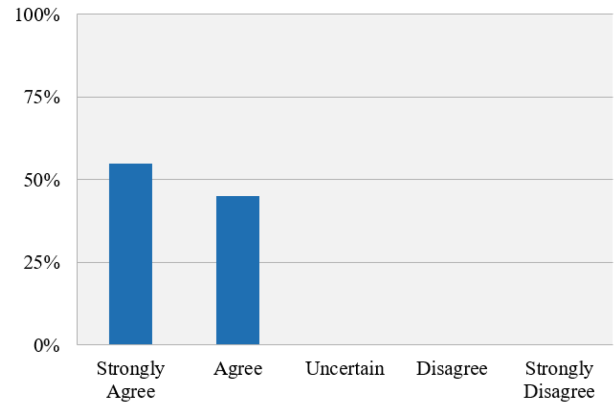
Question 5:

Nonprofit organizations that receive government funding, such as grants or other payments, should be held to enhanced audit and reporting requirements

Response



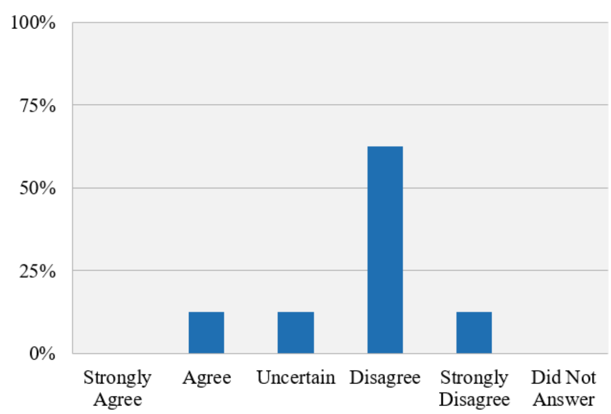
Weighted by each expert’s confidence



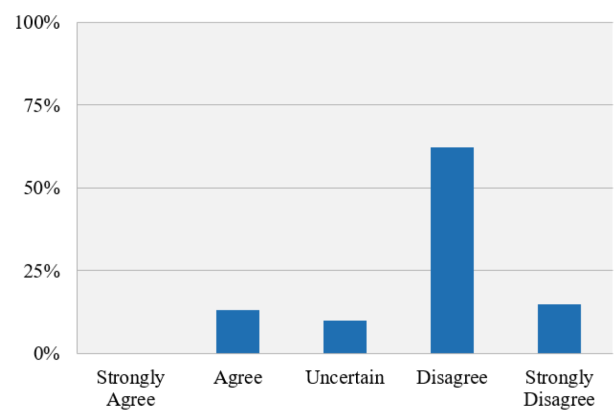
Question 6:

Tax deductions for charitable contributions provide greater economic benefit to affluent donors than the communities that nonprofits serve

Response



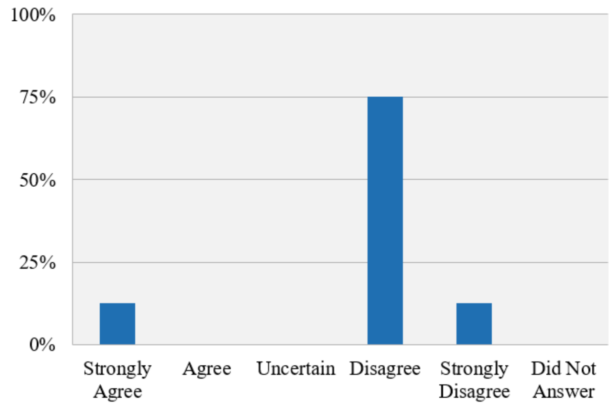
Weighted by each expert’s confidence



Question 7:

Nonprofit organizations with endowments should be subject to federal taxation on endowment investment income

Response



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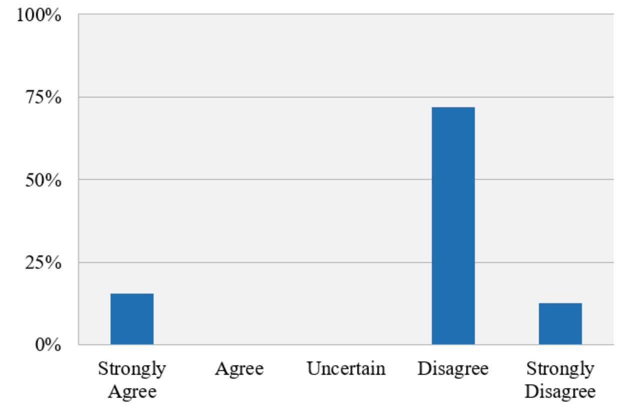
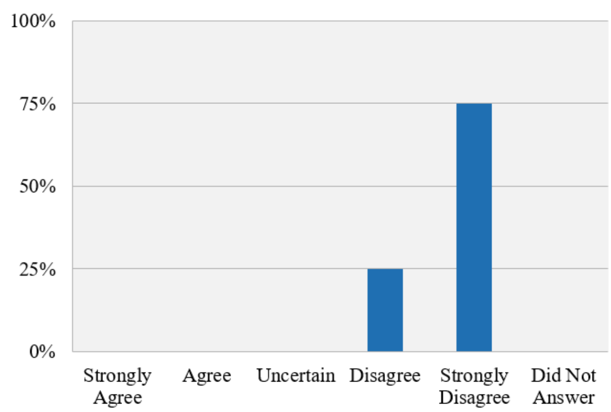


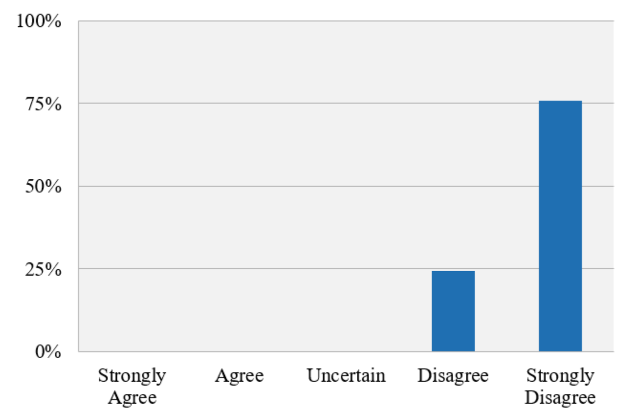
Question 8:

Overhead ratios are a useful indicator of nonprofit effectiveness

Response



Weighted by each expert's confidence

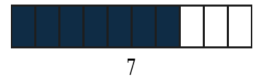


Question 1 Participant Responses

Q1: Tax-exempt nonprofits generate public benefits that exceed the value of foregone tax revenue

Participant **Affiliation** **Vote** **Confidence**

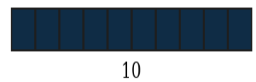
University of South Dakota



Anubhav Gupta

Participant **Affiliation** **Vote** **Confidence**

New York University

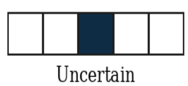


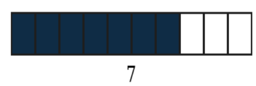
Thad Calabrese

Comment The largest nonprofits - such as hospitals and higher education institutions - produce very definitive private benefits; they also certainly produce some public benefits but I am uncertain good estimates exist. In general, we have limited data on costs and benefits associated with nonprofits.

Participant **Affiliation** **Vote** **Confidence**

University of Texas-Dallas





Elizabeth Searing

Comment While many nonprofits provide public goods and fill public and market failures, many, such as in the healthcare sector, operate in a more business-like way, depending on revenue from program services, with large subsidies from tax-exemptions. Research from ABFM members and others has found that nonprofit hospitals actually serve fewer low-income persons and use profits towards organizational growth rather than assisting disadvantaged groups or reducing health disparities. Estimates suggest this to be over $8 billion in foregone tax revenue annually, despite questions regarding public value. Others, such as human services, often rely on private contributions or grants and serve a market with essentially no private, for-profit market while providing a safety net for the community.

Participant	Affiliation	Vote	Confidence
 [Todd Ely]	University of Colorado Denver	 Agree	 6

Comment A generally positive view of the sector suggests that many nonprofit organizations address meaningful market and government failures, while crowding in private resources like donations and volunteering to support public purposes. The breadth of nonprofit activities, varied quality, and challenges measuring outcomes make it impossible to objectively compare benefits to the many sources of foregone tax revenue. The comparison also assumes that the foregone tax revenues would be used optimally by government.

Participant	Affiliation	Vote	Confidence
 [Andrew Sullivan]	University of Central Florida	 Uncertain	 7

Comment There is a large variation in the nonprofit sector and the public benefits they provide. Of note, hospitals and healthcare nonprofits often receive over 90% of their revenue from program services and is a significant proportion of all nonprofit revenue, but do not pay taxes on this revenue. Research by ABFM members and others often find that nonprofit hospitals actually spend their profits on growth instead of subsidizing disadvantaged groups or reducing health disparities, and spend less on charity care than government or even for-profit hospitals. However, other fill market and government failures and rely on contributions, offering a public benefit (e.g., safety net, culture, community development) that would be unlikely to be filled through private markets or government alone.

Participant	Affiliation	Vote	Confidence
 [Qiaozhen Liu]	Florida Atlantic University	 Strongly Agree	 10

Participant	Affiliation	Vote	Confidence
 [David Matkin]	Brigham Young University	 Agree	 9

Comment This is a nuanced statement that is best answered as "it depends." If we are talking about each individual nonprofit, then my answer is "disagree." There are clearly nonprofits that receive tax privileges without producing commensurate public benefits, and some may primarily benefit narrow constituencies rather than the broader public. If we are talking about the nonprofit sector in aggregate, then my answer is "agree," though cautiously. I am not entirely certain, because the counterfactual economy and social environment are difficult to assess. We cannot know with precision what governments, markets, donors, volunteers, and beneficiaries would do in the absence of nonprofit tax exemption. Still, the broad global support for nonprofit organizations is meaningful evidence that governments across very different institutional contexts view the sector as producing substantial public value. More importantly, nonprofits often generate public benefits in ways that governments and for-profit markets do not fully replicate, including services to vulnerable populations, civic association, religious and cultural life, advocacy, experimentation, and public-good production. For that reason, I would reject the claim at the level of every individual nonprofit, but cautiously accept it at the sectoral level.

Participant	Affiliation	Vote	Confidence
 [Young Joo Park]	University of New Mexico		

Comment I do not believe it is appropriate to assume that all tax-exempt nonprofits generate public benefits that exceed the value of foregone tax revenue. For example, nonprofit hospitals have often been criticized for not providing sufficient public benefits, particularly charity care and other forms of community benefit, to justify their tax-exempt status. Whether tax-exempt nonprofits generate public benefits exceeding the value of their tax exemptions is an empirical question, and I am not aware of conclusive evidence that this is generally the case across nonprofit sectors.

Question 2 Participant Responses

Q2: In many commercial markets, nonprofits have a competitive advantage over for-profit firms because they are generally exempt from corporate income and property taxes

Participant | **Affiliation** | **Vote** | **Confidence**

Anubhav Gupta

University of South Dakota

Disagree

7

Participant | **Affiliation** | **Vote** | **Confidence**

Thad Calabrese

New York University

Uncertain

10

Comment

It is not clear to me that nonprofits and for-profits compete with each other or serve completely different markets.

Participant | **Affiliation** | **Vote** | **Confidence**

Elizabeth Searing

University of Texas-Dallas

Uncertain

7

Comment

For commercial nonprofits where a significant proportion of revenue is from program services, they can receive an advantage from generally being tax-exempt. However, property tax exemption can depend on local contexts and nonprofits must still pay taxes generally for unrelated business income. Given the lack of profits being distributed to owners, nonprofits also face disadvantages that coincide with this advantage, such as a lack of equity in the organization. This can create a detriment to hiring the most qualified candidates, and in general market structures, such as mergers and acquisitions, that are seen in the public sector.

Participant	Affiliation	Vote	Confidence
 **Todd Ely**	University of Colorado Denver	Disagree	7

Comment While there are instances where nonprofit status provides some competitive advantage over for-profit firms, it is important to remember that tax-exemption is accompanied by a number of meaningful legal and financial constraints. Even when nonprofits directly compete with for-profit firms in some markets, like hospitals and affordable housing, the tax benefits are offset by restrictions on tax-exemption for unrelated business activities and the inability to raise equity financing or pass along profits to investors. The relative tax benefits received by nonprofits are further attenuated by the fact that for-profit firms deduct business expenses from taxable income. Conversions of nonprofit hospitals and healthcare systems to for-profit status, through mergers and takeovers, suggest that the competitive benefits of tax exemption have real limits.

Participant	Affiliation	Vote	Confidence
 **Andrew Sullivan**	University of Central Florida	Agree	7

Comment While this provides an advantage, there are tradeoffs, such as the lack of offering equity to attract talent and limitations on activities.

Participant	Affiliation	Vote	Confidence
 **Qiaozhen Liu**	Florida Atlantic University	Uncertain	8

Participant	Affiliation	Vote	Confidence
 [David Matkin]	Brigham Young University	Disagree	9

Comment I have reservations about the word "many" and about treating tax exemption as the sole source of competitive advantage. There are certainly sectors and local markets where nonprofits may have an advantage over for-profit firms because of income-tax or property-tax exemptions, especially when nonprofit and for-profit providers offer similar goods or services. But I would be cautious about accepting the "unfair advantage" claim at face value. In some cases, the argument may reflect a genuine concern about competitive neutrality. In other cases, it may be a strategic argument by for-profit firms seeking to protect or expand their own market position. For example, a private fitness center may object to competition from a YMCA, but that objection may say as much about the firm's desire to reduce competition as it does about any true unfairness in the tax code. The issue is therefore context-dependent. Tax exemption can create a competitive advantage in some markets, but nonprofits also face constraints that for-profit firms do not, including the nondistribution constraint, mission restrictions, limits on equity financing, donor conditions, public-benefit expectations, and potential unrelated business income tax. I would agree that tax exemption can affect competition, but I would resist framing nonprofit participation in commercial markets as inherently unfair. Claims of unfair advantage should be evaluated in light of the specific market, the public benefits produced, the constraints on the nonprofit, and the incentives of the firms making the claim.

Participant	Affiliation	Vote	Confidence
 [Young Joo Park]	University of New Mexico	Strongly Agree	9

Comment One rationale for nonprofit status is that nonprofits may use revenues from commercial activities to cross-subsidize socially beneficial goods and services that are not financially sustainable on their own. However, I do not find conclusive evidence that such cross-subsidization consistently occurs in practice. If nonprofits do not fully use their tax advantages to generate additional public benefits, tax exemption may provide them with a competitive financial advantage over for-profit firms in commercial markets.

Question 3 Participant Responses

Q3: The U.S. government should continue to allow eligible nonprofit organizations to issue tax-exempt bonds

Participant	Affiliation	Vote	Confidence
 [Anubhav Gupta]	University of South Dakota	Uncertain	3

Participant	Affiliation	Vote	Confidence
 [Thad Calabrese]	New York University	Uncertain	10

Comment The tax-exempt bond market for nonprofits is generally only accessible by a limited number of large oftentimes wealthy nonprofit organizations. It is debatable that this is a good use of public resources. I am not certain that a better alternative for capital exists, however.

Participant	Affiliation	Vote	Confidence
 [Elizabeth Searing]	University of Texas-Dallas	Agree	5

Comment When nonprofits provide a public benefit, this provides an additional subsidy for financial resilience and growth.

Participant	Affiliation	Vote	Confidence
 [Todd Ely]	University of Colorado Denver	Agree	7

Comment Allowing eligible nonprofit organizations to issue tax-exempt bonds reduces the cost of capital and incentivizes investment in exempt activities. That incentive, though, raises the cost of capital for competing government borrowers, introduces higher-risk debt to the tax-exempt market, primarily benefits large and established nonprofits (that could access capital without the subsidy), and may result in overinvestment in capital. Changing the status quo access to the tax-exempt bond market would have material implications for the nonprofit sector, especially for organizations like nonprofit colleges and universities, hospitals, and charter schools.

Participant	Affiliation	Vote	Confidence
 [Andrew Sullivan]	University of Central Florida	Agree	7

Participant	Affiliation	Vote	Confidence
 [Qiaozhen Liu]	Florida Atlantic University	Agree	7

Participant	Affiliation	Vote	Confidence
 **David Matkin**	Brigham Young University	Strongly Agree	10

Comment

I assume that by “allowing eligible nonprofit organizations to issue tax-exempt bonds,” the statement is referring to conduit financing. In that structure, a state or local governmental issuer formally issues the debt, while the nonprofit serves as the borrower and is responsible for debt service. With that clarification, I generally support continuing conduit financing for eligible nonprofits. I would not support allowing ordinary private nonprofits to issue federally tax-exempt debt directly in their own name without a governmental issuer or public authorization process. But conduit borrowing is an important public-finance tool for supporting social infrastructure, including hospitals, schools, universities, affordable housing, senior care, and other community-serving facilities. The case is strongest when the financed project is closely tied to a public or charitable purpose and weaker when it primarily creates private benefit or resembles ordinary commercial activity.

Participant	Affiliation	Vote	Confidence
 **Young Joo Park**	University of New Mexico	Agree	7

Question 4 Participant Responses

Q4: The U.S. government should strengthen financial disclosure requirements for nonprofit organizations

Participant **Affiliation** **Vote** **Confidence**

[Anubhav Gupta]

University of South Dakota

Agree

8

Participant **Affiliation** **Vote** **Confidence**

[Thad Calabrese]

New York University

Strongly Agree

10

Comment At a minimum, nonprofits should be required to make their audited financial statements publicly available. Ideally, some effort to create data from these disclosures would help research on the sector move forward. The Form 990 should also be reimagined from first principles because it is not clear that it serves the purposes imagined.

Participant **Affiliation** **Vote** **Confidence**

[Elizabeth Searing]

University of Texas-Dallas

Strongly Agree

9

Comment Increased disclosure can enhance transparency and trust in nonprofits while allowing communities and funders to better evaluate the use of funds. While stronger requirements would create an additional burden, particularly for smaller nonprofits, increased information on contributions, sources, and dependencies with other organizations can help understand how public funds, including through tax exemption, are used.

Participant	Affiliation	Vote	Confidence
 [Todd Ely]	University of Colorado Denver	 Disagree	 9

Comment

The IRS Form 990 series serves as the de facto financial disclosure mechanism for U.S. nonprofit organizations, although larger organizations also tend to generate regular audited financial statements. Any increase in financial disclosure requirements requires typically scarce resources to be redirected to reporting efforts, which creates a tradeoff with mission fulfillment. Past efforts to increase disclosure have received pushback from the sector related to the additional administrative burden on smaller nonprofit organizations and the challenge in crafting disclosure requirements that are relevant to the incredible diversity of nonprofit organizations. More federal resources within the IRS for oversight of exempt entities and improving the quality and timeliness of existing reporting are potential first steps, while routine reconsideration of the Form 990 series is needed to keep pace with the growing and changing sector. Stronger financial disclosure requirements improve accountability and public trust, including donors, in the sector.

Participant	Affiliation	Vote	Confidence
 [Andrew Sullivan]	University of Central Florida	 Strongly Agree	 9

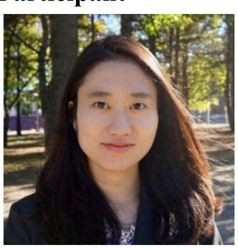
Comment

While there are currently reporting requirements for nonprofits, such as 990 forms, increased financial disclosures, particularly for larger nonprofits, can further improve transparency as well as connections between organizations that may not be apparent.

Participant	Affiliation	Vote	Confidence
 **Qiaozhen Liu**	Florida Atlantic University	Strongly Agree	10

Participant	Affiliation	Vote	Confidence
 **David Matkin**	Brigham Young University	Agree	8

Comment I agree with the statement in a qualified sense. Form 990s are useful, but they are not a substitute for audited financial statements, and they often fall short for donors, lenders, grantmakers, regulators, researchers, and the public. That said, stronger disclosure should have a clear audience and purpose. The case is strongest for large nonprofits, organizations receiving substantial public subsidies, and nonprofits using tax-exempt financing. For smaller organizations, broad disclosure mandates may impose costs that exceed the accountability benefits. I would support targeted improvements, but not a one-size-fits-all federal requirement.

Participant	Affiliation	Vote	Confidence
 **Young Joo Park**	University of New Mexico	Uncertain	10

Comment The U.S. government should strengthen financial disclosure requirements for nonprofit organizations while tailoring reporting requirements to organizational size to ensure that small, community-based entities are supported rather than burdened.

Question 5 Participant Responses

Q5: Nonprofit organizations that receive government funding, such as grants or other payments, should be held to enhanced audit and reporting requirements

Participant	Affiliation	Vote	Confidence
 [Anubhav Gupta]	University of South Dakota	Agree	9

Participant	Affiliation	Vote	Confidence
 [Thad Calabrese]	New York University	Strongly Agree	10

Comment The cost of public funding should be increased transparency and auditing.

Participant	Affiliation	Vote	Confidence
 [Elizabeth Searing]	University of Texas-Dallas	Strongly Agree	10

Comment With potential exceptions for smaller nonprofits and considering the size of the grants, this presents a more direct connection to public expenditures than foregone revenue and should therefore entail additional reporting. This can help prevent fraud and understanding whether funds were used for intended purposes.

Participant	Affiliation	Vote	Confidence
 **Todd Ely**	University of Colorado Denver	Agree	8

Comment Such enhanced systems already exist formally, like the federal government's Single Audit requirement for certain nonprofits, or more informally through traditional grant and contract reporting requirements. But, these requirements are not applied uniformly, often only targeting grants or payments above a certain threshold, and typically overlook performance reporting in favor of financial reporting.

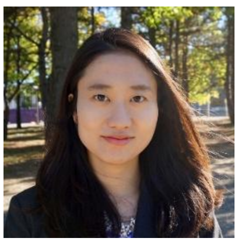
Participant	Affiliation	Vote	Confidence
 **Andrew Sullivan**	University of Central Florida	Strongly Agree	9

Comment Government funding comes with increased needs for responsibility of use of the funds, particularly for larger grants. This can show where the public dollars go towards and how they are used.

Participant	Affiliation	Vote	Confidence
 **Qiaozhen Liu**	Florida Atlantic University	Strongly Agree	10

Participant	Affiliation	Vote	Confidence
 [David Matkin]	Brigham Young University	Agree	9

Comment My position here is similar to the prior statement about financial reporting. I agree that nonprofits should be held to a higher standard if sponsors demand it, but I would add "within reason" to that agreement. Excessive requirements can harm service provision and organizational sustainability. It could crowd out excellent service providers. Accountability should be proportional to the support.

Participant	Affiliation	Vote	Confidence
 [Young Joo Park]	University of New Mexico	Agree	6

Question 6 Participant Responses

Q6: Tax deductions for charitable contributions provide greater economic benefit to affluent donors than the communities that nonprofits serve

Participant	Affiliation	Vote	Confidence
 [Anubhav Gupta]	University of South Dakota	Disagree	7

Participant	Affiliation	Vote	Confidence
 [Thad Calabrese]	New York University	Agree	8

Comment It is assumed that nonprofits are serving "communities" which is likely not true for many organizations. Given the increase in giving to donor advised funds which have no payout requirements but earn donors tax breaks, it seems fairly certain that the donor benefits more from this arrangement than society at large.

Participant	Affiliation	Vote	Confidence
 [Elizabeth Searing]	University of Texas-Dallas	Disagree	8

Comment While the tax deductions are regressive, the nonprofit and community still benefit. As it is only a deduction, the donor still provides more money than is received in deductions. However, the economic benefit to the community still depends on which organizations receive the funding and how it is used.

Participant	Affiliation	Vote	Confidence
 **Todd Ely**	University of Colorado Denver	 Disagree	 7

Comment A defining characteristic for the tax deduction for charitable contributions is that the donor exercises consumer sovereignty by directing their giving to charitable purposes (and organizations) they deem most beneficial. The flipside of this discretion is that such support can often be self-serving or of limited community benefit. There are undoubtedly individual instances in which the charitable tax deduction provides greater private economic benefit to donors than public benefit to the communities served. However, in the aggregate, the net benefits to communities are likely to exceed the value of the tax expenditure because the government's subsidy through the charitable deduction is only a fraction of each donated dollar, while nonprofit organizations receive the full contribution to support their missions.

Participant	Affiliation	Vote	Confidence
 **Andrew Sullivan**	University of Central Florida	 Disagree	 8

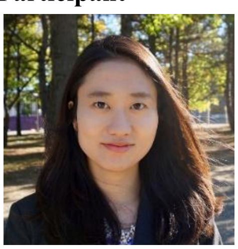
Comment While tax deductions provide a benefit to the donors, it is not a credit, meaning it is also subsidized giving for the government and the donor also forgoes revenue. This can also increase the competitiveness for donations (rather than governments deciding which nonprofits receive funds), potentially strengthening the efficiency and effectiveness of nonprofits.

Participant	Affiliation	Vote	Confidence
 **Qiaozhen Liu**	Florida Atlantic University	 Strongly Disagree	 9

Participant	Affiliation	Vote	Confidence
 [David Matkin]	Brigham Young University	 Disagree	 8

Comment

This is another statement where my answer is "it depends," although I mostly disagree. It is true that charitable deductions often provide larger tax benefits to affluent donors because they are more likely to itemize and often face higher marginal tax rates. Some donors also receive private side benefits from giving, such as access, prestige, influence, or professional networks, particularly when they give to elite universities, athletic funds, hospitals, museums, or arts organizations. There are also harder cases, such as donor-advised funds, where the donor may receive a tax benefit before the funds reach an operating nonprofit. These concerns are real, especially among very affluent donors, and in some cases charitable giving can look uncomfortably close to tax avoidance, influence-seeking, or legal bribery. Still, I would not accept the statement as generally true. It focuses on real problems but risks treating them as representative of charitable giving as a whole. The donor's tax benefit does not necessarily exceed the value ultimately created for communities served. The better critique is that the charitable deduction is distributionally tilted and can subsidize elite donor preferences, including gifts whose public value is uncertain or concentrated among privileged communities.

Participant	Affiliation	Vote	Confidence
 [Young Joo Park]	University of New Mexico	 Uncertain	 6

Comment

Tax deductions still reduce the cost of giving and may encourage additional charitable contributions.

Question 7 Participant Responses

Q7: Nonprofit organizations with endowments should be subject to federal taxation on endowment investment income

Participant	Affiliation	Vote	Confidence
 [Anubhav Gupta]	University of South Dakota	 Disagree	 7

Participant	Affiliation	Vote	Confidence
 [Thad Calabrese]	New York University	 Strongly Agree	 10

Comment It is not clear to me at all why nonprofits with any investment income (from endowment or otherwise) shouldn't pay taxes on it. We exempt nonprofit profits from taxation under the assumption that they are derived from organizations providing mission-related activities, and these profits will eventually be spent on additional activities. It is not clear why investment income is considered, fundamentally, mission-related and not a type of unrelated business income that is subject to taxation.

Participant	Affiliation	Vote	Confidence
 [Elizabeth Searing]	University of Texas-Dallas	 Disagree	 6

Comment Endowments can provide sustainability and financial resiliency for the nonprofit, helping them weather difficult times of uncertain funding or increased need, which often coincide. A tax on very large endowments could be considered when earnings are not spent on services and instead reinvested, but increased restrictions on the use of endowments could better achieve the goal of oversight and aligning earnings with public benefits.

Participant	Affiliation	Vote	Confidence
 Todd Ely	University of Colorado Denver	Disagree	8

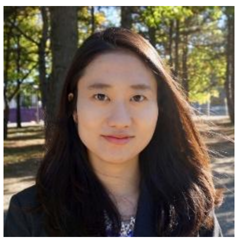
Comment From a public policy perspective, if nonprofit organizations are deemed worthy of tax exemption based on their charitable purposes and activities, the federal government should generally avoid selectively taxing one particular form of asset accumulation. Large endowments may appear to underutilize tax-advantaged resources by accumulating wealth rather than spending it on current operations. However, endowments serve multiple legitimate purposes, including preserving intergenerational equity, subsidizing current operations, attracting private philanthropy, managing financial risk, and promoting long-term institutional sustainability. If policymakers justify taxing endowments because they represent accumulated nonprofit wealth, it becomes difficult to distinguish them conceptually from other stores of organizational wealth, such as operating reserves, investment portfolios, or real property. Rather than selectively taxing endowments, policymakers could pursue alternative approaches to encourage greater mission-related spending, such as minimum payout requirements similar to those imposed on private foundations.

Participant	Affiliation	Vote	Confidence
 Andrew Sullivan	University of Central Florida	Disagree	8

Comment Generally, endowments provide a source of sustainability and resiliency for nonprofits. Taxing these funds would reduce this benefit for nonprofits and even potentially discourage them.

Participant	Affiliation	Vote	Confidence
 Qiaozhen Liu	Florida Atlantic University	Disagree	10

Participant	Affiliation	Vote	Confidence
 **David Matkin**	Brigham Young University	Strongly Disagree	8
	Comment	If the concern is that some nonprofits accumulate too much wealth without putting enough of it toward mission, then payout rules are a better tool than a general tax on investment income.	

Participant	Affiliation	Vote	Confidence
 **Young Joo Park**	University of New Mexico	Disagree	7

Question 8 Participant Responses

Q8: Overhead ratios are a useful indicator of nonprofit effectiveness

Participant	Affiliation	Vote	Confidence
 Anubhav Gupta	University of South Dakota	 Strongly Disagree	 9

Participant	Affiliation	Vote	Confidence
 Thad Calabrese	New York University	 Strongly Disagree	 10

Comment Overhead is an input only.

Participant	Affiliation	Vote	Confidence
 Elizabeth Searing	University of Texas-Dallas	 Strongly Disagree	 10

Comment Overhead ratios are an indicator of how expenditures are distributed. Most have no direct connection to effectiveness, such as the number of people served or community impact. While it can be one signal of efficiency, there is large variation across sector and mission.

Participant	Affiliation	Vote	Confidence
 [Todd Ely]	University of Colorado Denver	Disagree	9

Comment At its best, the overhead ratio provides a crude proxy for the share of spending directed to administration that can be used alongside other financial ratios. The limitations, like a bias against investing in management capacity and the common misclassification of expenses, are well known and should keep individuals from depending on the ratio as a quality measure of effectiveness or efficiency.

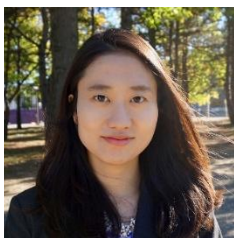
Participant	Affiliation	Vote	Confidence
 [Andrew Sullivan]	University of Central Florida	Strongly Disagree	10

Comment Overhead ratios are not directly tied to outcomes and therefore do not connect directly to effectiveness. Instead, it indicates the distribution of expenditures and potentially efficiency, but only when considered alongside outcomes.

Participant	Affiliation	Vote	Confidence
 [Qiaozhen Liu]	Florida Atlantic University	Disagree	10

Participant	Affiliation	Vote	Confidence
 **David Matkin**	Brigham Young University	 Strongly Disagree	 10

Comment Overhead ratios are an egregiously flawed measure of nonprofit effectiveness because they track expense classification rather than mission performance. They can occasionally raise useful questions at the extremes, but they often encourage the damaging belief that lower administrative spending is always better. Strong nonprofits need leadership, human resources, accounting, technology, evaluation, compliance, fundraising, and governance. These are not distractions from mission. They are mission-critical infrastructure.

Participant	Affiliation	Vote	Confidence
 **Young Joo Park**	University of New Mexico	 Strongly Disagree	 10

Comment Overhead includes diverse aspects of an organization, such as financial oversight, competitive compensation, and fundraising, and therefore should not be used as a standalone measure of effectiveness. Rather than representing wasteful spending, administrative investments can build organizational capacity, enhance efficiency, and, more importantly, provide financial buffers that protect programs during economic shocks. While excessive administrative costs may indicate mismanagement, low overhead alone is not a reliable measure of effectiveness.