

Beyond PRIs: UPMIFA as a Legal Framework for Impact-First Investing by Charities and DAFs

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A new law journal article forthcoming in the NYU Journal of Law & Business analyzes how UPMIFA—the state fiduciary law governing charitable funds—authorizes program-related investments (akin to PRIs) by public charities and DAFs.

Public charities and donor-advised funds often avoid impact-first investing due to uncertainty about fiduciary duties and perceived requirements to maximize financial return. This paper goes into a deep dive on the language in UPMIFA to explain how this law exempts mission-first “program-related assets” from traditional financial prudence standards and allows charities and DAFs to comfortably make program-related investments.

The article reframes UPMIFA’s underutilized Program-Related Asset doctrine as a state-law analogue to federal Program-Related Investments. It provides lawyers with a defensible framework for advising charities and DAF sponsors on documenting charitable primacy, applying purpose-based prudence, and mitigating fiduciary and regulatory risk.

By clarifying UPMIFA’s treatment of programmatic investments, the article reduces unnecessary fiduciary conservatism and provides legal grounding for impact-first strategies. It offers practitioners a path to help clients deploy charitable and DAF assets for impact while remaining compliant with state fiduciary law and federal tax constraints.

Key Doctrinal Insights:

- Program-Related Assets are allowable investments that should be analyzed as charitable activities similar to PRIs by private foundations. Advising under UPMIFA requires shifting from portfolio-level return optimization to “purpose prudence”: documenting charitable primacy ex ante, adopting mission-proportionate safeguards, and ensuring only incidental private benefit—rather than proving market-rate financial returns.
- PRAs fit DAFs particularly well because they lack payout requirements, confer no tax advantages, and avoid PRI-driven regulatory scrutiny, shifting diligence and prudence assessment toward governance, documentation, and avoidance of donor benefit rather than return optimization.
- PRAs and MRIs differ not by impact, but by legal characterization. MRIs remain investment assets governed by financial prudence and portfolio logic. PRAs, by contrast, are charitable assets under UPMIFA, governed by purpose prudence and exempt from return-maximization, requiring lawyers to classify intent and structure ex ante.