FOUR IMPORTANT FACTS ABOUT LOBBYING WITH FOUNDATION GRANT FUNDS

DID YOU KNOW THAT:

♦ Nonprofits may use private foundation, general purpose grant funds for lobbying?

♦ A private foundation may make a grant to a nonprofit to support a project that includes lobbying – as long as the grant is less than or equal to the amount budgeted for the non-lobbying part of the project – and the grant is not earmarked for lobbying?

♦ Community foundations may make grants to nonprofits that are earmarked for lobbying?

♦ Foundations may fund a number of activities that are not considered lobbying under the 1976 lobby law, but affect public policy?

In short, there is considerably more latitude to use foundation funds to lobby than is commonly understood by many foundations and 501(c)(3)s. Following is more information.

Using Private Foundation, General Purpose Grant Funds for Lobbying

Nonprofits are not disqualified from lobbying because they receive foundation funds, but nonprofits and, more so, foundations have been slow to recognize and act on this fact. While grant funds from a private foundation to a 501(c)(3) must not be earmarked for lobbying, it is perfectly legal for the nonprofit to use unearmarked general support foundation funds to lobby. Foundation funds are considered earmarked only if there has been an oral or written agreement that the grant will be used for specific purposes. For further information, visit http://www.clpi.org/lobbying_and_funding.html.

Using Private Foundation Funds for the Non-Lobbying Portion of a Specific Project

A private foundation may make an unearmarked grant to support a specific project that includes lobbying, as long as the grant is less than or equal to the amount budgeted for the non-lobbying parts of the project and the grant is not earmarked for lobbying. For example, if a specific project has a $200,000 budget, of which $20,000 is to be spent on lobbying, the private foundation can fund up to $180,000 of the project that is allocated to non-lobbying uses. For further information, visit http://www.clpi.org/lobbying_and_funding.html.

Receiving Community Foundation Funds That are Earmarked for Lobbying

Community foundations are tax exempt under section 501(c)(3) of the Internal Revenue Code and are not treated as private foundations so they are permitted the same lobbying latitude as other nonprofits. For example, a community foundation that has elected to come under the 1976 lobby law may spend part of its annual expenditures on lobbying. It may also grant earmarked funds to a nonprofit for lobbying up to the limits permitted by law. A community foundation grant, earmarked for lobbying, would count against the community foundation’s own lobbying ceiling. For further information, visit http://www.clpi.org/community_foundations.html.

Foundation Funding of Non-Lobbying Activities that Affect Public Policy

There are eight public policy related activities that nonprofits may conduct which are not considered lobbying if the nonprofit has elected to come under the 1976 lobby law and therefore can be fully funded by foundations. For example, a nonprofit response to written requests from a legislative body (not just a single legislator) for technical advice on pending legislation is not considered lobbying. For additional examples of public policy related activities that are not lobbying, visit www.clpi.org/not_lobbying.html.