FOUR IMPORTANT FACTS ABOUT LOBBYING WITH FOUNDATION GRANT FUNDS

DID YOU KNOW THAT:
♦ Nonprofits may use general operating support funds from private foundations for lobbying?
♦ A private foundation may make a grant to a nonprofit to support a project that includes lobbying – as long as the grant does not exceed the amount budgeted for non-lobbying activities and the grant is not earmarked for lobbying?
♦ Community foundations may earmark grants to nonprofits for lobbying?
♦ All foundations may fund a number of public policy advocacy activities that are not considered lobbying under the 1976 lobby law?

In short, the law allows considerably more latitude to use foundation funds to lobby than commonly understood by many foundations and 501(c)(3)s.

Using General Purpose Grant Funds from Private Foundations for Lobbying

Receiving foundation funds does not disqualify nonprofits from lobbying, but nonprofits and 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 general operating support 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.

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 – the amount of the project that is allocated to non-lobbying uses.

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 its own lobbying activities. It may also grant earmarked funds to nonprofits for lobbying up to the limits permitted by law. A community foundation grant, earmarked for lobbying, would count towards the community foundation’s own lobbying ceiling.

Foundation Funding of Non-Lobbying Activities that Influence Public Policy

Nonprofits that have elected to come under the 1976 lobby law can engage in eight public policy-related activities that are not considered lobbying. These activities can be fully funded by foundations. For example, advocacy before administrative and regulatory agencies is not considered lobbying. For additional examples of activities that are not lobbying, but are equally important to shaping public policy, visit www.clpi.org.

Visit http://www.clpi.org/Lobbying_and_the_Law.aspx for additional information.