

# Nonprofit Guidelines for Advocacy & Lobbying

## Definitions

*Advocacy:* Identifying, embracing and promoting a cause

- Examples:
  - Educating a member of Congress about the effects of a policy on your constituency.
  - Inviting a member of Congress to visit your organization so that he/she may see firsthand how federal funding or a policy affects day-to-day operations and the difference it makes.

*Lobbying:* An advocacy tactic to influence specific legislation

- Examples:
  - Asking your member of Congress to vote for or against, or amend, introduced legislation (*direct lobbying*)
  - Organizing a “call to action” urging the general public to contact their member of Congress in support of action on introduced legislation (*grassroots lobbying*)

## Can nonprofit organizations advocate and lobby?

The answer is YES! 501(c)3 nonprofit organizations, including community foundations, have every right to advocate on behalf of policies they believe in. But, when nonprofits advocate for specific legislation (i.e. lobby), it may trigger specific rules and limits.

## IRS rules for lobbying

501(c)3 nonprofit organizations can lobby, but such activities must not make up a substantial part of the organizations total activities. This can be determined either by a substantiality test or an expenditure test. A substantiality test is subjective and is based on the facts and circumstances of each case. Because of this, it is often advisable for an organization to complete a short form (Form 5768) with the IRS to be governed by the expenditure test. This is known as “taking the 501(h) election.”

Under the 501(h) expenditure test, nonprofit organizations may spend the following on lobbying:

- Direct Lobbying:
  - 20% of the first \$500,000 of its exempt purpose expenditures
  - 15% of the next \$500,000, and so on, up to one million dollars a year
- Grassroots Lobbying:
  - 5% of the first \$500,000 of its exempt purpose expenditures
  - 3.75% of the next \$500,000, and so on, up to \$250,000 a year

## Prohibited activities

Nonprofit organizations are prohibited from intervening in a political campaign of any candidate for public office, and from engaging in partisan activity of any kind. In addition, nonprofit organizations may not use government funds, such as government grants or contracts, to lobby, including the use of federal funds to lobby for federal grants or contracts.