

fact sheet #23

for Friends and Foundations



ADVOCACY CAMPAIGNS: LEGAL LIMITS ON SPENDING FOR NON-PROFITS

Libraries across the country are benefitting by their outspoken Friends groups. Friends have waged successful campaigns to pass bond issues and referendums and have used the power of their voices to ensure that library's budget isn't reduced or that it is increased sufficiently to enable it to meet the needs of the community.

The following information is based on IRS rules for non-profit 501(c)(3) organizations engaging in lobbying and advocacy and United for Libraries' interpretation of those rules. Is it really okay for Friends groups as non-profit organizations to lobby or advocate on behalf of their library? Happily, the answer is "Yes!"

The IRS recognizes two different kinds of "advocacy." The first is called direct lobbying and it is when the Friends group itself or its members work to influence policy, legislation, bond issues, referenda, or the budget in favor of the library. The IRS allows what they call "an insubstantial amount." Generally speaking, this means a Friends group can spend up to 20% of its yearly expenditures on these activities if their annual expenditures do not exceed \$500,000. The formula changes for groups spending more and you can find out more about these formulas in United for Libraries' Friends & Foundations Zone or at the IRS Web site, www.irs.gov (see Chapter 3 of Publication 557).

The other type of "advocacy" the IRS calls grassroots lobbying, and this is when a Friends group (or other non-profit) works to get the general public to become lobbyists on its behalf regarding policy or legislation; for example, calling on the general public to "call the mayor." In this case, the group can spend 25% of the 20% allotted above.

For example, if your group spends \$20,000 a year in support of the library, \$4,000 can be spent for direct lobbying (20%) and \$1,000 can be spent on grassroots lobbying. Remember, however, that it doesn't have to cost a lot of money to wage a successful advocacy campaign. So much of what Friends do in an advocacy campaign is educating the public about what is at stake... and there is no legal limit on spending money to inform or educate. Also, by using your newsletter, writing letters to the editor, lobbying on your website, you are not spending much money at all!

If your Friends group would like to spend more than the "insubstantial" amount allowed, you must apply for a 501(h) by submitting IRS Form 5768 available at www.irs.gov.

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So . . . are there any political activities that are strictly forbidden? Again, the answer is yes. Friends groups (or any 501(c)(3) organization) may not advocate, lobby, or engage in grassroots lobbying on behalf of any candidate for office. Other than this restriction, however, the IRS does allow for some activity for non-profits to engage in advocacy.

The Friends & Foundations Zone on the United for Libraries website has more information on Friends and advocacy along with samples about how Friends can advocate for their libraries on a small budget.

