



FOLUSA

fact sheet

#24 Advocacy Campaigns - Legal Limits on Spending for Non-Profits

Libraries across the country are benefiting 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 FOLUSA's interpretation of those rules. Is it really ok 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 lobbying and it is when the Friends group itself or its members work to influence policy or legislation in favor of the library. Generally speaking, 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 FOLUSA's Friends Zone or at the IRS website at <http://www.irs.gov/publications/p557/ch03.html#d0e7391>.

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 take a specific action on behalf of the library such as asking the public to "vote yes," or "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 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!

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 Zone has more information on Friends and advocacy along with samples about how Friends can advocate for their libraries on a small budget.