Investing in Change

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Three-Part Workshop Series

1. Be Bold and Advocate! – Foundation Advocacy Engagement (May 26)

2. Investing in Change – Foundation Advocacy Funding (August 18)

3. Nonpartisan Advocacy in Partisan Times (September 20)
Agenda

2. Lobbying Refresher
3. Funding Advocacy
4. Tips for Grant Agreements
Characteristics of Public and Private Foundations
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<td><strong>Examples</strong></td>
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<td><img src="image" alt="North Texas Community Foundation" /></td>
<td><img src="image" alt="AARP" /></td>
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**Examples**
- **501(c)(3) Private Foundations**: The Meadows Foundation
- **501(c)(3) Community Foundations & Public Charities**: North Texas Community Foundation
- **501(c)(4) Social Welfare Organizations**: AARP

**Tax Treatment**
- **501(c)(3) Private Foundations**: Tax-exempt, Tax-deductible contributions
- **501(c)(3) Community Foundations & Public Charities**: Tax-exempt, Tax-deductible contributions
- **501(c)(4) Social Welfare Organizations**: Tax-exempt

**Lobbying Activities**
- **501(c)(3) Private Foundations**: Extremely Limited
- **501(c)(3) Community Foundations & Public Charities**: Limited
- **501(c)(4) Social Welfare Organizations**: Unlimited

**Electoral Activities**
- **501(c)(3) Private Foundations**: Cannot support or oppose candidates
- **501(c)(3) Community Foundations & Public Charities**: Cannot support or oppose candidates
- **501(c)(4) Social Welfare Organizations**: Secondary Activity
Foundation Advocacy Stoplight

- **prohibited for all c3s**
- **lobbying subject to limits**
- **unlimited**

- **partisan political**
- **Lobbying**
- **Other Advocacy**

- **prohibited for all c3s**
- **lobbying subject to tax**
- **special rules for voter registration**

Community / Public Foundations

Private Foundations
What is Lobbying?
Tax Code Definitions
What is lobbying under the Insubstantial Part Test?
(default definition for community foundations and other public charities)

Contacting legislators to propose, support, or oppose legislation or the government’s budget process.

Urging the public to contact legislators to propose, support, or oppose legislation or the government’s budget process.

Advocating for the adoption or rejection of legislation.
What is lobbying under 501(h)?
(definitions for private foundations and public charities / community foundations making the 501(h) election)

**DIRECT**
Communication
Legislator
Expresses a view about specific legislation

**GRASSROOTS**
Communication
General public
Expresses a view about specific legislation
Call to action
Communication

DIRECT communication

legislator

expresses a view about specific legislation

GRASSROOTS communication

general public

expresses a view about specific legislation

call to action
Legislators (and staff)...

DIRECT LOBBYING

Communication

Legislator

Expresses a view about specific legislation

Any level of government (city council, state legislators, members of Congress, public when voting on ballot measure)
Also Legislators

President, governor, mayor, or other executive official who participates in the formulation of legislation.

Communication

Legislator

Expresses a view about specific legislation
NOT Legislators

- School board
- Zoning boards
- Housing authorities
- Sewer and water districts
- Other “special purpose bodies” with limited authority
Specific Legislation

DIRECT Communication
Legislator
Expresses a view about specific legislation

GRASSROOTS Communication
General public
Expresses a view about specific legislation

CALL TO ACTION

EXAMPLES
• Budget
• Bills / Acts
• Nominations
• Ballot Measures
• Asking Someone to Sponsor a Bill
• Proposed Ordinance

Despite Value of Full-Day Pre-K, the State Only Funds Half-Day Programs

Research shows modest yet significantly improved short and long-term educational outcomes for students who attend public Pre-K. The more exposure a child has to educational instruction, the greater the educational gains will be. For children who are significantly behind, exposure to high-quality Pre-K for extended periods is crucial for closing the achievement gap.

Despite the value of full-day Pre-K, the state only funds half-day programs.

Out of the 1,491 districts that offer public Pre-K, 72 percent subsidize the second half of the day on their own. As a result, 34 percent of children are enrolled in a full-day program.

72% of Texas School Districts
Subsidize Full-Day Pre-K for Their Kids

*Pre-EdS: Three divisions for Pre-Ed

In 2017, the state chose to eliminate the $118 million grant for High Quality Pre-K and $50 million in supplemental Pre-K funding from the two-year budget. With the funding cut, the Legislature also required all districts to implement the quality standards that were previously cited as grant funding. Schools are now left trying to meet higher Pre-K standards mandates with extra cost burdens and no additional state assistance.

Introducing Pre-Ed sets young Texans up for higher graduation and college completion rates, and better academic performance all around.

2. TEA. Texas Public Education Progress and Performance Report. 2017 to 2018; Texas Education Agency.

See all the GET 101XXXX fact sheets and more at bedstrong.org

#TxEduStrong

The Center for Public Policy Priorities produced this analysis in 2018, with support from the Texas Education Finance Alliance Advisory Committee (TEFAC).
Specific Policy Proposal

- Something counts as specific legislation if it is a “specific policy proposal”
- Not well defined, but essentially identifying a problem and a solution that can only be accomplished with new legislation
- May not be introduced, written or even fully fleshed out!
NOT Specific Legislation

- Regulations
- Executive orders
- Enforcement of existing laws
- Litigation
Calls to Action

**DIRECT**
- Communication
- Legislator
- Expresses a view about specific legislation

**GRASSROOTS**
- Communication
- General public
- Expresses a view about specific legislation

**ASKING TO CONTACT**
- Legislators

**PROVIDING ADDRESS,**
- Telephone number, and/or other contact information of legislators

**PROVIDING MECHANISM**
- To enable communication with legislators

**IDENTIFYING**
- Legislators
NOT Calls to Action

DIRECT Communication
Legislator
Expresses a view about specific legislation

GRASSROOTS Communication
General public
Expresses a view about specific legislation

Call to action

“Learn more”
“Take action”
“Support our efforts”
“Get involved”
“Join us”

NOT Lobbying
Lobbying Exceptions

• Nonpartisan analysis, study, or research
• Request for technical assistance
• Self-defense
• Examinations and discussions of broad social, economic, and similar problems
Jointly-funded Projects

• Special exception for private foundations
• It is not lobbying when a private foundation:
  o Makes a grant to an organization conditioned on the receipt of matching support from a governmental body; or
  o Discusses with government officials a jointly funded program or potential program (so long as discussion does not include an attempt to persuade officials on other legislative issues).
Funding Advocacy
When discussing how foundations can FUND grantee advocacy, pay attention to the **Tax Code’s** definitions of lobbying.
Make Lobbying Grants
public or community foundations can fund lobbying directly

General Support Grants
funding grantees that advocate through general support

Specific Project Grants
funding non-lobbying portions of advocacy projects
“A grant... is earmarked if the grant is given pursuant to an agreement, oral or written, that the grant will be used for specific purposes.”
A public charity or a community foundation may earmark a grant for lobbying, but it must count the grant against its own lobbying limit.
FUNDING PRIORITIES

Proposals that clearly articulate and demonstrate that women and girls who are recipients of the organization’s/program’s services are thriving.

Proposals that address operational effectiveness with the intention of strengthening an organization’s ability to sustain their mission by implementing creative strategies; operating with nimbleness and resilience; and supporting staff recruitment and retention, all of which support positive outcomes for women and girls.

Proposals that promote innovative collaboration, community engagement, or movement building to create systemic change that break down barriers that result in positive outcomes for women and girls.

WHAT WE FUND

For the Community Grant Cycle 2022, Texas Women’s Foundation is focused on the mid-term and long-term needs of women and girls in North Texas, particularly those facing multiple systems of oppression and disenfranchisement.

Texas Women’s Foundation will consider proposals for general operating, program support, and capacity-building support for organizations serving women, girls and their families.
Private foundations should not earmark grants for lobbying, but private foundations may fund grantees that lobby.

If a grant is not earmarked for lobbying or any other specific project, the foundation is not responsible for grantee lobbying.

If a foundation grant is less than or equal to a project’s non-lobbying component, the grant is not a lobbying expenditure.
SPECIFIC PROJECT  Grant Safe Harbor

Project Budget

Lobbying = $40,000
Non-Lobbying = $60,000

$50,000 grant from Foundation 1

$50,000 grant from Foundation 2

$50,000 < $60,000  No taxable/lobbying expenditure

$50,000 < $60,000  No taxable/lobbying expenditure
SPECIFIC PROJECT

Grant Safe Harbor

How the Specific Project Grant Rule Works

Scenario A
- Project Budget
  - $80,000 Public Education
  - $20,000 Lobbying
  - $100,000 Total
  - $80,000 Foundation 1
  - $0 Taxable Expenditure

Scenario B
- Project Budget
  - $80,000 Public Education
  - $20,000 Lobbying
  - $100,000 Total
  - $90,000 Foundation 1
  - $10,000 Taxable Expenditure

Scenario C
- Project Budget
  - $80,000 Public Education
  - $20,000 Lobbying
  - $100,000 Total
  - $50,000 Foundation 1
  - $50,000 Foundation 2
  - $0 Taxable Expenditure
<table>
<thead>
<tr>
<th>Community Power-Building</th>
<th>Organization</th>
<th>Grant Description</th>
<th>Amount</th>
<th>Year</th>
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</thead>
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<tr>
<td>Community</td>
<td>Children’s Defense Fund</td>
<td>(Operating) Toward advancing social justice for children and youth of color through advocacy, programs, and public engagement</td>
<td>$25,000</td>
<td>12</td>
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<tr>
<td>Community</td>
<td>Funders Together To End Homelessness</td>
<td>(Operating) Toward expanding philanthropy’s impact and influence to advance the movement to prevent and end homelessness through racial and housing justice</td>
<td>$25,000</td>
<td>12</td>
</tr>
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<td>Community</td>
<td>Houston Organizing Movement for Equity (HOME)</td>
<td>(Program) Toward deepening COVID-19 response efforts and pivoting into long-term COVID-19 recovery that centers low-income communities of color</td>
<td>$25,000</td>
<td>12</td>
</tr>
<tr>
<td>Community</td>
<td>Texas Jail Project</td>
<td>(Operating) Toward assisting individuals and families in navigating the systems of county jails and public mental health services to improve care of people with mental disorders</td>
<td>$30,000</td>
<td>12</td>
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PUBLIC FOUNDATIONS

may fund nonpartisan voter registration drives.

PRIVATE FOUNDATIONS

may not fund voter registration drives unless they do so on a nonpartisan basis, in five or more states, and in multiple election cycles.
GRANTS TO NON-PUBLIC CHARITIES

Pre-grant inquiry + written grant agreement must:

• State in specific terms how the grant will be used
• Explain that the grantee must repay any funds not used for the grant purpose
• State that the grantee is required to provide annual reports showing how the funds were spent
• Specify that the funds cannot be used to lobby

Expenditure Responsibility Grants
Tips for Grant Agreements
• Restricting public charity grantees from lobbying is not necessary.

• Grant terms that say a grant is “not earmarked for lobbying” are not the same as terms that say lobbying is prohibited.

• Lobbying restrictions are only necessary when private foundations make grants to non-501(c)(3) organizations.
WEST COAST
San Francisco
Los Angeles

EAST COAST
Washington, DC

TEXAS
Dallas
Houston

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