



Money Matters!

**Part 2: How your League can appropriately use
education fund monies**

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What is the League's tax status?

The LWVUS is recognized by the Internal Revenue Service (IRS) as a 501(c)4 organization. Dues and contributions to it are not tax deductible for the donor. The LWVUS carries out our lobbying and membership activities.

The LWVEF is a 501(c)3 organization. Contributions to the LWVEF are tax deductible for the donor. Its primary activities are educational in nature: information for voters, public forums, our international outreach, etc.

The LWVEF

- Carries out national League projects funded internally
- Carries out national League projects funded through foundation grants (sometimes with pass-through grants for local/state Leagues)
- Sponsors a grant service program for state and local Leagues.

How does the LWVEF grant service program operate?

- Receives funds raised by state and local Leagues
- Retains those funds in an earmarked account
- Funds appropriate state and local League projects on request
- Provides these services free of charge.

What kinds of activities can be funded through the LWVEF grant service--or through state or local League education funds?

- Educational forums
- Voter service activities
- Satisfy per member payment (PMP) obligations through contributions in lieu of PMP

What are the rules for using education fund monies?

Are member recruitment activities permitted at a League event funded by a grant from LWVEF?

- Membership brochures may be distributed but grant monies may not be used to pay for them.
- Speakers may and should urge attendees to join.
- Leagues may use the list of attendees to solicit membership or contributions.

Are member recruitment activities permitted at a League event hosted by a state/local League education fund?

- Only passive membership recruitment activities are permitted.
- The availability of membership brochures may be announced., but attendees may not be solicited for membership.
- The state/local League may purchase the list of attendees.

Best practices for events funded through education funds

- It is better for a League to host the event, rather than for an education fund to host the event.
- For a League to host an event, the League must formally apply for a grant from the education fund.
- When a League hosts an event, speakers may promote League membership and support.

How do these rules apply to voters guides?

- A voters guide published by an education fund may include member recruitment information, but that portion of the guide must be paid for by the state/local League.
- A voters guide published by a state/local League and funded by an education fund grant may include member recruitment information, but the grant monies may not fund the recruitment portion of the voters guide.

Education fund monies may not be used for lobbying as defined by the IRS. Education fund monies may be used to present only one side of a policy issue:

- To legislators as long as legislation has not been introduced
- To the public as long as it does not include a call to action.

May education funds pay delegate expenses for conventions/councils?

- Education funds may not directly fund delegate expenses.
- Education funds can provide grants to Leagues to fund participation in educational activities at Convention/Council.
- Leagues receiving such grants may only reimburse this kind of delegate expense if delegates document their expenses and attendance at educational sessions.

May education funds pay part of the cost of putting on a national or state League convention/council?

- Education funds may pay for purely educational activities such as nonpartisan panels and other issue-oriented discussions.
- Education funds may not pay for League governance or membership activities.
- Education funds may not fund training for League members to lobby or raise funds for the League.

May our education fund pay for part of the cost of our office space?

- Yes. An education fund may pay for its fair share of a League's office space. However, League leaders should prepare a written cost-sharing agreement that specifies how the operating and staff costs will be allocated between the two organizations.

May our education fund pay part of the cost of our Voter?

- Yes. Education funds may underwrite purely educational articles in Voters. However, this arrangement must be documented in a written grant agreement.

How can our League pay its PMP through the LWVEF?

- Establish a grant service account with the LWVEF
- Raise tax deductible monies from members and community and deposit the checks in the grant service account
- Authorize a transfer to the LWVEF operating fund in lieu of PMP.

Education fund grants to Leagues

- Must be in writing
- Must restrict funding to a specific educational project
- Must require written and financial reports
- Must prohibit the use of grant funds for lobbying or partisan political activity

**The national League
recommends that state and local
Leagues participate in already
existing state or national
education funds, rather than
forming their own.**

Conclusion.

Pay attention to details:

- Details of your League's finances
- Details of the internal controls that your League puts in place
- Details of the legal issues that affect your League.