

## Project Grant Rule Guidance

The IRS prohibits foundations, like The Rockefeller Foundation (RF), from engaging in or earmarking any of its funds for lobbying activity. However, it is permissible for RF to support a 501(c)(3) or equivalent organization's project that includes some lobbying if the grant is structured properly, by employing the Project Grant Rule. For more details about what constitutes lobbying see The Rockefeller Foundation Lobbying Guidance.

### What is Earmarking?

A grant by a private foundation is "earmarked" if there is either **an oral or written** agreement that the funds will be **used for a specific purpose**. This includes designating that RF funds will be used for a specific purpose in the grantee's budget, but it also includes a conversation with the grantee regarding how RF funds will be spent.

### Employing the "Project Grant Rule"

The IRS allows a foundation to give a **non-earmarked grant** to a **501(c)(3) or equivalent organization** to support an **overall project** that involves **some lobbying** if:

- **The foundation is NOT the only funder; AND**
- **The total project budget is bifurcated** between Lobbying and Non-Lobbying costs; AND
- **The foundation's grant funds do not exceed the non-lobbying costs** of the project; AND
- **The foundation's grant funds are NOT allocated to any specific line items.**

### Project Grant Rule: Grant Requirements

#### Grant Proposal

The associated grant proposal should discuss the whole project, including the relevant policy and lobbying work. It must **NOT** include any reference to RF funding being used for any particular costs or for any specific activities. Similarly, the proposal must **NOT** indicate that RF funds will not be used for lobbying.

### **Grant Budget**

A Project Grant Rule budget allocates each expense in the total project's budget as either a non-lobbying or a lobbying expense. The budget should list the other funders supporting the project, but it should not allocate how each funder's contribution will be spent. . Therefore, RF's funding must not be assigned to any particular costs, but its total award amount must be represented. Further, RF's award amount **MUST NOT** exceed the total non-lobbying costs of the project. Please contact your RF Program Officer for a Project Grant Rule budget template.

### **Reporting Requirements**

Financial Reports: Grantees should use their approved Project Grant Rule budgets as the basis for their financial reports, adding columns for:

- a) lobbying costs expended during the reporting period;
- b) non-lobbying costs expended during the reporting period; and
- c) total project costs expended during the reporting period.

The report **MUST NOT** include columns for RF funding allocated or expended.

Narrative Reports: Narrative reports should discuss activities conducted during the reporting period for the TOTAL project. The grantee should NOT include any reference to how RF funds specifically were or were not used, nor should outcomes, outputs or impacts be immediately associated with RF dollars. The narrative report submitted should be the same for ALL funders contributing to the project.