

Best for League of Women Voters of Portland Retain Current 501(c)(3) and 501(c)(4) Financial Structure

The League members, listed below, urge retention of our current 501c3/c4 financial structure. We respect the 501c committee's work, but do not believe adequate consideration was given to the advantages of retaining our current structure. The board's recommendation is just that, a recommendation, and it is up to members to make the final decision. As a grassroots organization, providing this handout and urging opposition to a board recommendation is fundamentally democratic. It is worth noting that when the League board recommended consolidation into a 501(c)(3) in 2015, members voted "no" and opted to retain the current c3 and c4 structure.

Advantages of Retaining the Current Organizational Structure

- At our core and throughout our history, LWVPDX has actively worked to shape public policy by lobbying our elected leaders and city officials. As an active 501(c)(4), we are in a better position to continue that work with no limitations or IRS reporting requirements.
 - 501(c)(3) organizations are allowed to lobby, but must then comply with IRS-imposed spending limitations. Conversion to a consolidated 501(c)(3), as recommended by the board, would require tracking lobby-related direct expenses and overhead costs to ensure accurate filing of a Schedule C to the IRS. Action by 501(c)(4) organizations is not limited and they are not required to file a Schedule C.
- It is easier to explain our impartiality with respect to Voter Service and Community Education to members, the public, and press under the current structure. The 501(c)(3) Education Fund is responsible for the unbiased factual information we provide. The 501(c)(4) serves our members and handles all our action work, including opposing or supporting ballot measures. This distinction disappears under the board-recommended consolidation.
 - When asked how LWVPDX can engage in impartial voter education at the same time it supports ballot measures, isn't it easier to answer, "we have two separate organizations?"
- The current 501(c)(4) membership organization is the optimal steward of our ~\$250,000 501(c)(4) Endowment Fund, that began with a bequest from a past president. These dollars are especially valuable because they are the most flexible in how they can be spent and, because they are not tax-deductible, they are the most difficult to raise.
 - The flexibility of c4 dollars presumably led the Illinois League representative the 501c committee interviewed to say she would never consider consolidating and giving up their active 501(c)(4) because "threats to our democracy have become so dire."
 - The LWVUS-recommended consultant acknowledged to the 501c committee that the size of LWVPDX's Endowment Fund is unusual, especially for a dormant c4. This raises the concern that the board recommendation did not adequately consider this Portland-specific dynamic.
- No time-consuming work would be required over the next year to develop new bylaws to implement the board's recommendation if we retain our current structure.

The Current Configuration is Not Atypical and is the Best Fit for Portland

- The current c3/c4 organizational structure is not atypical within Leagues nationwide. LWVUS is a 501(c)(4) with a 501(c)(3) Education Fund. A quick search turned up city Leagues such as Boston, Salt Lake, Seattle, and Metro Phoenix that also have the dual structure. The state Leagues in Illinois and Washington rejected proposals similar to the LWVPDX board recommendation. We see similarities in action capacity and commitment among these Leagues and Portland. Just as for

those Leagues, the current c3/c4 structure better serves our core mission to take action for the common good.

- Portland is in a unique and enviable position with its large Endowment Fund. Given our mission and this source of 501(c)(4) funds, the best approach is to retain our current structure and vote “no” on the board recommendation later this year. This has the added benefit of retaining the direct connection between members and the Endowment Fund.

Tax-Deductibility and Fundraising

- LWVUS will take over management of our membership system in 2025. Given that 20 percent of dues will go local Leagues, the ability for an individual member to deduct an additional \$15/year¹ if LWVPDX becomes a 501(c)(3) does not outweigh the advantages of retaining our current structure.
- As is the case now, tax-deductible charitable donations of any amount can be made to our 501(c)(3) Education Fund. This includes required minimum distributions from IRAs.
- Foundation grants have been and can continue to go to the Education Fund to support community and voter education projects.

Administrative Improvements

- In our view, the advantages of retaining the current structure outweigh any administrative streamlining that will result from adopting the board recommendation.
- This view is strengthened by the fact that the board’s recommendation for a consolidated 501(c)(3) that does both education and action would result in the additional work needed to comply with IRS rules for tracking and reporting lobbying expenses.

Membership Linked to Action – A Non-Member 501(c)(4) Does Not Align With LWVUS Bylaws

- In an attempt to craft a compromise that would align with much of what the board recommends, earlier we developed an alternative proposal that shifted membership to a 501(c)(3) with a 501(c)(4) handling all the action work. Development of this alternative was hurried due to the short amount of time between release of the 501c committee recommendation and the April board meeting. Additional information indicated that LWVUS bylaws require that action activities need to be led by the membership entity. Unfortunately, that meant this alternative was not possible. Our revised position, therefore, is summarized in this handout.
- This LWVUS bylaws requirement, in our view, also means that the dormant 501(c)(4) element of the board recommendation is not allowed due to the requirement to link members to action. This increases our concern that under the board recommendation, Endowment Fund dollars would eventually be converted to 501(c)(3) dollars with an inappropriate loss of flexibility in their use.

Best for LWVPDX is “No” on Board Recommendation and Retain Current c3/c4 Structure

- Each individual League’s organizational structure must be best for its specific dynamics. When you vote later this year we urge a “no” on the board recommendation because it is not the best option for our League. Please review the advantages of **retaining the current c3/c4 structure**. We believe it is the **best option for our Portland League**.

Respectfully submitted: Debbie Aiona (Board Member & Action Chair), Adrienne Aiona (Board Treasurer), Anne Davidson (Board Secretary), Nancy Donovan (Board Member & Community Education Chair), Janice Thompson (Action Vice Chair), and Carol Cushman (past President & long-time volunteer)

¹ 20 percent of \$75 annual dues is \$15.