

[7.8.1] 3.4.7.1 (05-25-1999)

Methodology Test to Distinguish Education from Propaganda

1. Rev. Proc. 86-43, 1986-2 C.B. 729, sets out the methodology test for determining if an organization's materials are educational rather than propaganda. Its focus is on the method used by the organization in advocating its position, rather than the position itself. It requires a review of the organization's materials for factors that show whether
 - A. it fails to provide a factual foundation for the viewpoint it advocates; or
 - B. it fails to provide a development from the relevant facts that would materially aid a listener or reader in a learning process.
2. Review the materials issued by the organization for the following factors, any of which may suggest that the organization is engaged in propaganda rather than education:
 - A. The presentation of viewpoints unsupported by facts is a significant portion of the organization's communications;
 - B. The facts that purport to support the viewpoints are distorted;
 - C. The organization's presentations make substantial use of inflammatory and disparaging terms and express conclusions more on the basis of strong emotional feelings than of objective evaluations; and
 - D. The approach used in the organization's presentations is not aimed at developing an understanding on the part of the intended audience or readership because it does not consider their background or training on the subject matter.
3. Two court cases, *The Nationalist Movement v. Commissioner*, 102 T.C. 558 (1994), affirmed *per curiam*, 37 F.3d 216 (5th Cir. 1994), *cert. denied*, 513 U.S. 1192 (1995), and *National Alliance v. United States*, 710 F.2d 868 (D.C. Cir. 1983), upheld denial of exemption to organizations on the grounds that they failed to operate exclusively for charitable or educational purposes. They provide excellent examples how to apply the factors to determine if an organization's methodology furthers educational purposes.
4. An organization may be educational in exceptional circumstances even if one or more of the factors in paragraph (2) is present. Thus, the examiner should review all facts and circumstances that may help clarify the organization's methodology, including internal documents such as:
 - A. minutes of meetings of the Board of Directors, editorial boards, or other committees that effect the organization's program;
 - B. contracts with researchers, authors, or other persons the organization engages to develop materials;
 - C. materials the organization rejected;
 - D. correspondence files; and
 - E. fund-raising materials, if not already reviewed as part of the organization's program output.
5. Determine if the organization is an "action" organization as defined in Regs. 1.501(c)(3)-1(c)(3). Even if an organization's materials are educational rather than propaganda, they may still constitute lobbying. Apply both the "ends" test and the "means" test set out in the regulations, which are
 - A. The organization's main or primary objective or objectives may be attained only by passage or defeat of legislation; and
 - B. the organization advocates, or campaigns for, attainment of its main or primary objectives as distinguished from engaging in nonpartisan analysis, study, or research and making the results available to the public.
6. Determine if the organization otherwise satisfies the requirements for exemption under IRC 501(c)(3). If the organization has royalty income, review the cash disbursement and receipt journals to determine if cash has been advanced to authors and income has been received from publishers in the type of arrangement described in Rev. Rul. 66-104, 1966-1 C.B. 135.