



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
08/04/2026
Taxpayer ID number:

Person to contact:

Release Number: 202644009
Release Date: 10/30/26

LEGEND

B = Name
C = Name
D = Numbers
F = Numbers
G = Numbers
H = Numbers
y dollars = Dollars
z dollars = Dollars

UIL: 4945.04-04

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code (IRC) Section 4945(g)(3).

This approval is required because IRC Section 4945 provides for the imposition of taxes on each taxable expenditure of a private foundation. IRC Section 4945(d)(3) provides that the term "taxable expenditure" includes any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or similar purposes by the individual, unless the grant satisfies the advance approval requirement of IRC Section 4945(g).

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of IRC Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

Your letter indicates you will operate two grant programs called B and C.

The grant programs will enable social science students, researchers, policymakers, and other experts to pursue their work to enhance the public's understanding of the nation's most pressing social, political, and economic problems. You have previously received advanced approval from the Service for both B and C. At present, grants made under the two programs are issued directly to universities and institutions. You are now revising B and C so that you can transition to awarding grants directly to individual recipients.

The B will provide funds to support research projects in the social sciences conducted by investigators at their home institutions. Projects must be aligned with your research priorities, which may evolve over time, and which center on the improvement of social and living conditions in the United States. You anticipate awarding D grants under the B. You estimate that G individuals are eligible to apply for the B. Funds awarded will be issued directly to the grantee.

Applicants eligible to participate in the B include enrolled doctoral students at an institution of higher education in the United States or a United States territory who have completed all program requirements except the dissertation. Applicants will be asked to provide a resume and a proposal describing the research to be undertaken for the dissertation, including the extent to which the research would be relevant to your program and priority areas.

The C will provide funds support to researchers, policymakers, and other experts in the social, economic, political, and behavioral sciences to pursue their data analysis and writing. Projects must be aligned with your research priorities, which may evolve over time, and which center on the improvement of social and living conditions in the United States. You anticipate awarding F grants under the C. You estimate that H individuals are eligible to apply for the C. Funds awarded will be issued directly to the grantee.

Applicants eligible to participate in the C include researchers with a Ph.D. or comparable terminal degree, or a career background that establishes their ability to conduct high-quality scholarly research. Initially, applicants must be at least two years beyond the Ph.D. at the application deadline, but qualifications may change as the C evolves, so long as the qualifications remain related to and consistent with your charitable purpose of furthering social science research. Applicants will be asked to provide a resume and a proposal describing the project to be undertaken.

For both B and C, you anticipate that total grant amounts will generally range between y dollars and z dollars and may increase over time to reflect cost of living increases. The amount of each grant will depend on the financial support you determine to be necessary to allow the grantee to accomplish the specific objective of the grant.

You publicize both grant programs on your website, and you will spread the word among, and request nominations for promising candidates from the colleges, universities, and research and policy institutions with which you interact during your other programs. Invitations to apply for grants may be posted with various schools and institutions and in other forums frequented by scholars, researchers, policymakers, and other experts such as think tanks, centers for policy, and other related organizations.

You will continue to maintain case histories showing the recipients of both B and C. These records will include:

- name and address of each recipient and the amount of each grant;
- all information obtained in connection with evaluating the qualifications of potential grant recipients, and a record of the decision-making process by which recipients were selected;
- identification information about each grant recipient, including all information necessary to assure that a grant recipient is not a disqualified person and is not related to an officer, trustee, substantial contributor or disqualified person with respect to you.
- reports from the individual grantees on their use of grant funds and any other information obtained in the course of supervising grants; and
- information obtained, or a description of steps taken, in connection with the investigation or enforcement of any jeopardized grants.

Eligible individuals may be allowed to apply directly to you, or instead, may be nominated by a committee of nominators who are experts in their fields and appointed by your President or Board of Trustees. Each grant candidate will be required to submit a letter of application with supporting documentation, which may include personal resume, letters of reference from those with expertise in the field, a budget, a research proposal narrative, and a description of how the proposed use of resources furthers your mission. Although not required in all cases, individuals who pass the initial review process may be interviewed or asked to submit additional information. The candidate's prior experience and contributions to the field or demonstrated achievement will be included in the selection process.

Grants will be awarded on an objective and nondiscriminatory basis to individuals. Candidates may not be related to any members of a grants selection committee or to any of your officers or trustees, nor be someone whose selection would result in private benefits to any selection committee member or any trustee. Eligible individuals will include students, scholars, journalists, and other individuals with specialized skills or knowledge in the social sciences and that come within your exempt purposes.

You will consider grants under both B and C for one-year duration and will evaluate the nature of the proposed objectives within the context of the proposed project time frame. Funds will be granted annually and be based on annual reviews with the grantee. If, during the grantee's progress, it appears that it would be beneficial to extend the initial grant period, you will consider renewing the grant for a longer period.

Your selection committee for both B and C will be designated by your president or your board of directors and will be comprised of a subset of trustees and/or independent reviewers with expertise in various disciplines for which grants are being awarded. Your selection committee will be subject to a conflict-of-interest policy and will be subject to the oversight of your board of directors. Selection committee members may be asked to serve for a certain period of time (likely one to two years) or may be convened for a one-time consultation to provide their individual expertise when applicants working in their field are being considered. A selection committee member's term of service will expire at a predetermined time, at which time your president or board of directors will appoint new members.

At the end of the grant period, grant recipients will be required to provide a written report to you about their activities, progress, and use of the funds. The final report will include a narrative summary of research activities completed and an accounting of expenditures against the original budget. If you award a grant for a period that exceeds one year, periodically written reports providing such information will be required at least annually. If a grant recipient does not account for all funds, any unaccounted funds must be returned to you. You will promptly investigate any apparent misuse of grant funds or failure to provide required reports. While a matter is being investigated, you will withhold further payments to the grantee until you have determined that no part of the grant has been misused and until missing reports have been submitted. If you discover that funds have been misused, you will take all reasonable and appropriate steps to secure the repayment of the diverted funds to you. In addition, if such a diversion occurs and you are making installment payments on a grant, you will withhold any further payments until you have received assurances from the grantee that future diversions will not occur and that they will take extraordinary precautions to prevent future diversions from occurring.

You represent that you will complete the following:

- Arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded,
- Investigate diversion of funds from their intended purposes,
- Take all reasonable and appropriate steps to recover the diverted funds and ensure other grant funds held by a grantee are used for their intended purposes, and
- Withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You also represent that you will:

- Maintain all records relating to individual grants including information obtained to evaluate grantees,
- Identify a grantee is a disqualified person,
- Establish the amount and purpose of each grant, and
- Establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

IRC Section 4945 imposes excise taxes on the taxable expenditures of private foundations. A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study or other similar purposes.

However, a grant that meets all the following requirements of IRC Section 4945(g) is not a taxable expenditure.

- The foundation awards the grants on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of IRC Section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulation Section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.

- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the IRS at:

Internal Revenue Service
Exempt Organizations Determinations
TE/GE Stop 31A Team 105
P.O. Box 12192
Covington, KY 41012-0192

- You can't award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with IRC Section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We'll make this determination letter available for public inspection after deleting personally identifiable information, as required by IRC Section 6110. We've enclosed Letter 437, Notice of Intention to Disclose - Rulings, and a copy of the letter that shows our proposed deletions.

- If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us.
- If you agree with our deletions, you don't need to take any further action.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437