

September 30, 2025

VIA ELECTRONIC MAIL

TEGE Referrals Group
1100 Commerce Street
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Dallas, Texas 75242
eoclass@irs.gov

Re: Complaint against New Jersey Education Association and affiliated entities

Dear Acting Commissioner Bessent,

New Jersey Policy Institute (“NJPI”)¹, represented by undersigned counsel, requests an immediate Internal Revenue Service investigation regarding the New Jersey Education Association (or “NJEA”) (EIN: 21-0524390), a labor union organized under Section 501(c)(5) of the Code, and its 527 political organization, Garden State Forward (EIN: 46-2383979). NJEA appears to have violated I.R.C. § 6033 in failing to disclose over \$100 million that it has allocated to political activity over the last decade. NJEA has perpetuated this omission over time, including through the submission of its most recent publicly available Form 990. In addition, its 527 political organization has violated its exempt purpose and mission, which limits its expenditures to only independent expenditures, as stated on its IRS filings, by making a direct campaign contribution through a 501(c)(4) organization that it reportedly solely funded. That organization made a direct contribution to the then-NJEA President’s gubernatorial campaign before shuttering months later.

Through Garden State forward, NJEA caused the gubernatorial campaign of its then-president, Sean Spiller, to be the beneficiary of “the largest amount of spending by a single entity (excluding self-funded candidates and wealthy individuals) in a gubernatorial race from 2010 . . . through 2024,” while he finished a distant fifth in the relevant primary election.² All told, NJEA has made approximately \$114 million in contributions from its general funds, made up of members’ general mandatory, non-voluntary membership dues, to political activity, without ever disclosing that activity as political on its Form 990. This failure prevented its members and the public from having accurate information about the scope of NJEA’s political activity and the use of its members’ dues and, at the same time, thwarted them from accurately assessing the true scope and amount of its political activity. Ultimately, some of those funds became direct contributions to NJEA’s then-President’s gubernatorial campaign, in contravention of Garden State Forward’s stated exempt purpose.

NJEA’s publicly available Form 990 filings show, on their face, that it has failed to disclose contributions to a political organization on its Schedule C, as required by I.R.C. § 6033. In addition,

¹ New Jersey Policy Institute is a nonpartisan, 501(c)(3) nonprofit organization whose mission is to ignite, incubate, and launch winning ideas for effective education, a strong economy, a thriving business environment, and affordable energy.

² See Daniel Han & Madison Fernandez, *A \$40 Million Flameout in New Jersey’s Race for Governor Puts Scrutiny on Teachers Union*, POLITICO (June 29, 2025), <https://www.politico.com/news/2025/06/29/a-40-million-flameout-in-new-jerseys-race-for-governor-puts-scrutiny-on-teachers-union-00429668>, attached hereto as “Exhibit A.”

public filings reveal that the contributions to its supposedly independent expenditure-only organization ended up as direct political contributions. *See* Exhibits B, D–G, J. Those filings provide grounds for an IRS investigation into the apparent failure of NJEA and its affiliated entities to comply with federal tax law and for potential enforcement action for any violations, including the imposition of civil fines, injunctive relief, and/or the revocation of its tax-exempt status.

Factual Background

Since approximately 2012, NJEA has funded, as the sole contributor, a 527 organization called Garden State Forward.³ According to NJEA’s current president, Garden State Forward is “NJEA’s Super PAC.”⁴ On its most recent Form 990, Garden State Forward states that its mission or most significant activities are “Section 527 organization: to make independent expenditures regarding New Jersey candidates, or support of committees or organizations that make only independent expenditures regarding such candidates.” It also disclosed on Schedule C that it spent \$5.366 million on political campaign activities in the relevant reporting year.⁵ It reported to the New Jersey Election Law Enforcement Commission that NJEA is the entity that controls it.⁶

According to publicly available documents, since 2012, NJEA has sent approximately \$114 million of general treasury funds—*i.e.*, union members’ dues—to Garden State Forward. Not once did it report its contributions to Garden State Forward on Schedule C of its Form 990s. At the same time, each year, it has reported its contributions to its separate segregated fund, NJEA PAC, on that schedule.⁷ Notably, NJEA reported the dollar amounts of its grants to Garden State Forward only as grants to organizations that were identified on Schedule I, without even listing Garden State Forward’s IRC section in column (c), instead listing “n/a.”⁸

According to reports and some publicly available documents, Garden State Forward sent approximately \$8 million to a now-shuttered 501(c)(4) organization called Protecting Our Democracy, Inc. That organization did not engage in “only independent expenditures,” but instead made a direct campaign contribution. When Protecting Our Democracy was launched in 2022, NJEA announced itself as the “founding donor,” and appears to have been its sole or only major

³ *See* Garden State Forward, *Political Organization Report of Contributions and Expenditures (Form 8872)*, IRS (Years 2013–2025), <https://forms.irs.gov/app/pod/basicSearch/details?page=1&searchOrgName=&searchFormType=Form%208871,%20Form%208872,%20Form%20990&ein=&pacId=49048&pacInfoId=49048&fromDate=&toDate=>, attached hereto as “Exhibit B.”

⁴ Steve Beatty, *NJEA: Our Politics Is People Powered*, NEW JERSEY GLOBE (June 26, 2024), <https://newjerseyglobe.com/education/njea-our-politics-is-people-powered/> [<https://perma.cc/4VVZ-VPPX>], attached hereto as “Exhibit C.”

⁵ Garden State Forward, *Return of Organization Exempt from Income Tax (Form 990)*, IRS (Calendar Year 2023), attached hereto as “Exhibit D.”

⁶ Garden State Forward, *Independent Expenditure Committee – Registration Statement and Designation of Campaign Treasurer and Depository (Form D-6)*, NJ ELEC (Nov. 4, 2024), attached hereto as “Exhibit E.”

⁷ NJEA, *Return of Organization Exempt from Income Tax (Form 990)*, IRS (Tax Years 2012–2023), attached hereto as “Exhibit F.”

⁸ *Id.*

donor.⁹ Protecting Our Democracy referred to then-NJEA President Sean Spiller as its “Chair.”¹⁰ Ultimately, in March 2025, Protecting Our Democracy was shuttered, toward the end of Spiller’s gubernatorial bid, and only three years after it was launched. Beforehand, however, it made a *direct* campaign contribution to Spiller’s campaign, in the maximum amount allowed by New Jersey law.¹¹ The result is that, contrary to what Garden State Forward stated in its most recent Form 990, it made expenditures in support of an organization it solely funded and appears to have controlled (Protecting Our Democracy)¹² that did not make “only independent expenditures,” but instead made a direct campaign contribution.

Summary of the Law

As it relates to nonprofits organized under Section 501 of the Code, Section 6033 establishes that “every organization exempt from taxation under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and shall keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.” Parts I-A and I-C of Form 990’s Schedule C require organizations that are exempt under 501(c) to “provide a description of the organization’s direct and indirect political campaign activities” and to “[e]nter the amount of the filing organization’s funds contributed to other organizations for section 527 exempt function activities.” The “primary activity” of 501(c)(5) organizations may not be political activity. *See, e.g.*, Rev. Rul. 61-177, 1961-2 C.B. 117; Rev. Rul. 67-293, 1967-2 C.B. 185.

Moreover, section 6652(c)(1)(A) of the Code provides for financial penalties for “failure to include any of the information required to be shown on a return filed under section 6033(a)(1).” This includes “by failing to complete a required line item or a required part of a schedule.”¹³

Under I.R.C. § 527 and 26 C.F.R. § 1.527-1, a political organization must be “organized and operated primarily for an exempt function,” and may lose its tax-exempt status if it fails to meet this test.

⁹ *See* Protecting Our Democracy, Inc., *Return of Organization Exempt from Income Tax (Form 990)*, IRS (Calendar Year 2023), attached hereto as “Exhibit G” (\$6 million total revenue in 2022–2023); Exhibit B, at 58, 62 (\$3 million of expenditures to Protecting Our Democracy); Exhibit D (\$3 million in contributions to Protecting Our Democracy); Joey Fox, *Spiller, NJEA Form New ‘Protecting Our Democracy’ Organization*, NEW JERSEY GLOBE (Oct. 19, 2022), <https://newjerseyglobe.com/fr/spiller-forms-new-protecting-our-democracy-organization/> [<https://perma.cc/U3QP-9LST>], attached hereto as “Exhibit H.”

¹⁰ *See* *POD Talks*, PROTECTING OUR DEMOCRACY, <https://www.protectingourdemocracy.org/pod-talks> [<https://perma.cc/7H84-UEYG>] (last visited September 23, 2025), an excerpt attached hereto as “Exhibit I.”

¹¹ Spiller for Governor, *Quarter 3 Report of Contributions and Expenditures (Form G-1)*, NJ ELEC (Oct. 15, 2024), an excerpt attached hereto as “Exhibit J.”

¹² *See* NJPI Request for Investigation & Detailed Complaint, Attachment 1, NJ ELEC (Sept. 30, 2025), submitted separately via electronic mail.

¹³ *See* Form 990, General Instructions (2024), IRS (Jan. 16, 2025), <https://www.irs.gov/instructions/i990> [<https://perma.cc/3SJ6-748N>].

NJEA Appears To Have Violated Its Disclosure Obligations and Made Expenditures That Resulted in Improper Direct Political Contributions

Contrary to the requirements of I.R.C. § 6033, as implemented on Form 990 and its related schedules, NJEA has failed to disclose that it contributed approximately \$114 million of its funds to political activity, preventing members and the public from understanding the true scope of its political activity, and how much of its overall activity that political activity makes up. In addition, those contributions have gone to a 527 organization that has expended at least some of those funds outside of its stated mission and exempt purpose.

NJEA has never disclosed the contributions that it has made to Garden State Forward, a 527 political organization, as political activity, despite the clear requirements of Form 990, and in particular Schedule C. This is despite the fact that Garden State Forward, which is exclusively funded by NJEA and reports on its Form 990 that it is controlled by NJEA, *itself* identifies its expenditures as political activity on its own Schedule C.

In addition, Garden State Forward states that its exempt function is “to make independent expenditures regarding New Jersey candidates, or support of committees or organizations that make *only independent expenditures* regarding such candidates.” Exhibit C (emphasis added). However, it has contributed instead to an organization that made *direct* political contributions. In particular, it made a contribution to a 501(c)(4) organization, Protecting Our Democracy, whose chair was the NJEA President and who made a direct political contribution—funded by its members’ regular, non-voluntary dues—to that same NJEA President’s gubernatorial bid. As more fully laid out in a Request for Investigation submitted to the New Jersey Election Commission, NJEA appears to have been the sole funder or and a related to or affiliated with that organization. *See* NJPI Request for Investigation & Detailed Complaint, Attachment 1, NJ ELEC (Sept. 30, 2025).

NJEA’s failure to disclose political activity on Schedule C makes it difficult to ascertain how much of its activity is political, or whether such activity has become its primary activity, making an investigation by the IRS appropriate.

Conclusion

As set forth above, NJEA appears to have violated the requirements of Section 6033, as implemented in the Schedules of Form 990, to disclose political activity on Schedule C. In addition, its 527 organization, Garden State Forward, participated in political activity that was outside of its own stated mission and of what it identifies as its exempt function.

Accordingly, NJPI requests that the IRS immediately investigate and take appropriate action, including the imposition of financial penalties and relevant taxes and/or the revocation of tax-exempt status, to hold the organizations accountable and ensure their compliance with federal law.

Thank you for your consideration of this important matter. Please direct any acknowledgement and correspondence regarding this complaint to the contact information located below the signature.

Sincerely,



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