



IOWA DEPARTMENT OF JUSTICE  
OFFICE OF THE ATTORNEY GENERAL  
ENVIRONMENTAL LAW DIVISION

**TO:** John McCormally

**FROM:** ERIC M. DIRTH  
Assistant Attorney General

**DATE:** May 28, 2019

**RE:** John McCormally Letter From Auditor's Office Concerning 4-H Clubs<sup>1</sup>

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On May 22, 2019, I was asked to investigate matters raised in the letter sent from John McCormally of the State Auditor's Office to the Attorney General's Office. The letter was sent to the Attorney General's office on Tuesday, April 30, 2019, and asks for a review of the state's legal authority to review finances of 4-H clubs. This memorandum reviews the legal status of 4-H clubs as they stand today and concludes that 4-H clubs are governmental entities. In sum, 4-H clubs are the youth development program of the nation's Cooperative Extension Program, which is created pursuant to state law to carry out county, state, and federal educational functions. 4-H clubs are funded by federal, state, and county governments, and are subject to oversight in Iowa by Iowa State University.

### **Relevant Factual Background**

4-H is the largest youth development organization in the nation.<sup>2</sup> 4-H serves youth through organized clubs, school-enrichment groups, camps, instructional television programs, and in a variety of other ways.<sup>3</sup> 4-H has a rich history in the state of Iowa.<sup>4</sup>

In February 2018, the Auditor's Office issued a letter stating the Extension Council "should maintain the accounting records for 4-H clubs." The letter cites several Iowa Code sections related to Agricultural Extension Districts' organizational structure and financial responsibilities; however, 4-H clubs' organizational structure and finances are not discussed.

The 2018 letter has evidently led to concerns among different 4-H clubs about how they should be handling their own finances. Some 4-H clubs have historically operated as the letter suggests, while other clubs have begun to comply as a result of the letter.

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<sup>1</sup> This is an informal memorandum discussing the history of 4-H and not an official Attorney General Opinion.

<sup>2</sup> 4-H History, <https://4-h.org/about/history/> (accessed May 23, 2019).

<sup>3</sup> *Id.*

<sup>4</sup> See Iowa 4H Foundation, Iowa 4-H History By County, [https://www.iowa4hfoundation.org/en/iowa\\_4h/iowa\\_4h\\_history\\_by\\_county/](https://www.iowa4hfoundation.org/en/iowa_4h/iowa_4h_history_by_county/) (accessed May 23, 2019).

### **4-H Clubs Are Governmental Entities**

At its core, the 4-H club program is a youth development program conducting the educational efforts of the Cooperative Extension Service.<sup>5</sup> The Cooperative Extension Service was established by Congress in the Smith-Lever Act of 1914 and ensures state land colleges are engaged in “cooperative agricultural extension work.”<sup>6</sup> The Cooperative Extension System is a partnership of the National Institute of Food and Agriculture within the U.S. Department of Agriculture, more than 100 land-grant universities, and more than 3,000 county offices across the nation.<sup>7</sup> Congress provides a funding scheme for the extension program, which each state must match.<sup>8</sup>

Iowa Code does not provide a definition for “4-H club.” Chapter 176A, however, does establish Iowa’s agricultural extension program, which under the Smith-Lever Act oversees the 4-H clubs. The purpose of Iowa’s County Agricultural Extension Law is to “provide aid in disseminating information” about agriculture and home economics to the people of Iowa and to “encourage the application of the information in the counties through extension work.”<sup>9</sup> The extension work is to be carried on in “cooperation with Iowa state university of science and technology and the United States department of agriculture.”<sup>10</sup>

The County Agricultural Extension Law establishes 100 county agricultural extension districts throughout the state. Each council is an elected body “responsible for the preparation and adoption of the educational program on extension work in agriculture, home economics, and 4-H club work.”<sup>11</sup> Further, each extension council “shall not promote, sponsor or engage in the organization of any group for any purpose except the promoting, organization and the development of the programs of 4-H clubs.”<sup>12</sup>

Notably, elsewhere in Iowa Code 4-H clubs are included in lists with Future Farmers of America, suggesting similar organizational status. However, Future Farmers of America is registered with the Iowa Secretary of State as a non-profit organization, while 4-H clubs are unregistered. The 4-H club program has been referred to in other states as an unincorporated association running a state program,<sup>13</sup> and a program of an operating division of a state college.<sup>14</sup>

Finally, nothing in the Code requires 4-H club finances to be run through county extension councils. However, it appears nothing prevents an extension council from requiring finances to be run through the extension council. This memo takes no position on the handling of 4-H funds.

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<sup>5</sup> *see B.K. ex rel. Kroupa v. 4-H*, 877 F. Supp. 2d 804, 813 (D.S.D. 2012).

<sup>6</sup> 7 U.S.C. § 342

<sup>7</sup> History, <https://4-h.org/about/history/>

<sup>8</sup> 7 U.S.C. § 343.

<sup>9</sup> Iowa Code § 176A.2

<sup>10</sup> *Id.*

<sup>11</sup> Iowa Code § 176A.8(7).

<sup>12</sup> Iowa Code § 176A.9(5).

<sup>13</sup> *B.K. ex rel. Kroupa v. 4-H*, 877 F. Supp. 2d 804, 813 (D.S.D. 2012).

<sup>14</sup> *Kroupa v. Nielsen*, 731 F.3d 813 (8th Cir. 2013)

## Pre-Audit Report: 4-H Club Accounts Transfer

County/District: \_\_\_\_\_

Date \_\_\_\_\_

Name and title of ISU Extension and Outreach personnel (council and staff) preparing report:

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Number of clubs in county/district (includes <b>all</b> clubs of any kind; Clover Kids, Special Interest, Community Clubs, etc.)	_____
Number of clubs in county/district who have transferred their funds to the Extension District Operating Fund. (Clubs without funds are considered transferred.)	_____
Number of clubs who have yet to transfer their funds to the Extension District Operating Fund. (These clubs are not in compliance with Iowa Code and ISU Extension and Outreach policy.)	_____
What is the expected date of completion for clubs that still need to be transferred to the Extension District Operating Fund?	_____

4-H is a program of Iowa State University Extension and Outreach thereby making club funds public monies that must have proper oversight by extension councils. **Section 2.3 of Fiscal Policy:** All public funds have the same legal requirements for accounting, reporting, auditing, proper signatures, segregation of duties, publishing, bonding, investing and uniform financial accounting procedures.

What is the district's plan for completing the transfer of the remaining clubs?

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*Comments listed in this report and in the interview will appear in the audit report.*

Signature of person(s) completing report:

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Please attached a list of the names all Clubs in the County/District from 4-H On-Line.