



“Jobs not Cuts” march - Maine People’s Alliance members gather in Maine’s capital city to rally in support of the American Jobs Act. Photo courtesy Maine People’s Alliance.

Raising Money for a 501(c)(4)

Building Your Toolbox for Civic Engagement

by Dara Silverman

ASK MOST PEOPLE THE DIFFERENCE between a 501(c)(3) and a 501(c)(4) and what you’ll get is a blank stare. But for a small swath of social justice organizations, efforts to engage in more political work and civic engagement has led to the growth of 501(c)(4) organizations. As more 501(c)(3) organizations deepen their political engagement, they often realize that to achieve the type of legislative changes their members are fight-

ing for, they need more tools in their toolbox. Beginning a 501(c)(4) allows organizations to engage more directly in lobbying and civic engagement, while protecting the tax status of their 501(c)(3).

Nonprofit organizations were created in the 1930s in large part to protect and house the wealth of the top one percent. They allow the wealthy to support the charitable causes of

their choosing without letting the government be the one who directs the giving through general social service programs.

501(c)(3) organizations are tax-exempt and can receive tax-deductible contributions. 501(c)(4) organizations are tax-exempt but donations to them are not tax-deductible. They are also allowed to engage in more political work and lobbying, but it cannot be their primary work. 501(c)(3) organizations can engage in an “insubstantial” amount of lobbying generally agreed to be less than five or ten percent of their overall time. (NOTE: Laws

grassroots organizing, advocacy on key issues and nonpartisan voter empowerment. Their 501(c)(4) focuses on legislative campaigns, voter empowerment drives in working class communities, and electoral education in support of progressive candidates.

“We use a few specific strategies to raise money for the 501(c)(4),” said Corey Kurtz, N2N’s Development Director. Specifically, N2N has had great success building up a base of individual donors who support them because of their more explicitly partisan organizing. In the late 1990s, when N2N shifted to focus on a

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vary from state to state covering what activities are legal through 501(c)(3), 501(c)(4) and Political Action Committees (PACs). Please check in your state before pursuing the activities outlined in this article.)

For many grassroots organizations the prospect of educating donors about something new and dividing fundraising based on arcane laws governing 501(c)(4)s can be daunting. Organizations I spoke with that have formed 501(c)(4)s just in the past few years said they were still learning. Luckily, three organizations that have had active 501(c)(4)s for more than 20 years were willing to share some of their time-tested practices for recruiting, maintaining and growing a donor base for their 501(c)(4)s while simultaneously maintaining their 501(c)(3)s. Neighbor to Neighbor Massachusetts, Maine People’s Alliance, and Kentuckians for the Commonwealth all have gained a wealth of experience about the ins and outs of grassroots fundraising.

Neighbor to Neighbor Massachusetts

Neighbor to Neighbor Massachusetts (N2N) was founded in the 1980s and has worked on a range of issues—from solidarity with Salvadoran and Nicaraguan peoples movements in the 1980s, to single-payer health care in the early and mid-1990s, to fifteen years focusing on well-paying jobs, safe and affordable healthcare, and housing rights as a part of a Working Family Agenda in Massachusetts. N2N started out with both a 501(c)(3) (the Neighbor to Neighbor Education Fund) and a 501(c)(4) (Neighbor to Neighbor Action Fund). “In all of our work, N2N is building power in low-income, working class communities on economic and racial justice issues,” said Juan Leyton, N2N’s Executive Director. “We want to have the broadest toolbox possible to support our members work.” N2N uses their 501(c)(3) for leadership develop-

ment, statewide Working Family Agenda, they brought donors from their previous efforts and grew their individual donor base. They realized that to launch something new—building a base in working class cities across the state and engaging members in both legislative and electoral fights—they weren’t going to get foundation funding right away, or maybe at all. N2N staff spoke with a key group of donors and laid out their plan for how to shift the state legislature—and built a key alliance. “Those donors have supported our work year in and year out,” said Kurtz. “Many of them have hosted house parties for us, offering a chance to reflect on our work and celebrate it—and to bring in new donors through their networks.”

Maine People’s Alliance

“It’s a big shift for a lot of groups [to start a 501(c)(4).] We’re really lucky that 30 years ago Maine People’s Alliance started both,” said Bridget Surber, Maine People’s Alliance’s (MPA) Member Programs Director. “The majority of our 32,000 members give only to our c4—Maine People’s Alliance—which is the name most people know across the state,” Surber relayed. “Only about 300 to 500 people give to our 501(c)(3)—Maine People’s Resource Center—mostly high-end individual donors.” MPA also has a Political Action Committee (PAC), called MPA Campaign Votes, which endorses candidates.

MPA reaches the majority of their members via a door-to-door field canvass that runs year-round out of three of their offices. Ninety-nine percent of their members joined because someone knocked on their door. They have also been able to build up email and phone lists through online appeals and action alerts, but most of the asks happen in person at the door or at one of their monthly campaign meetings, or through their phone canvass, which calls

Ten Fundraising Ideas for Your 501(c)(4) (That Have Worked at Other Organizations)

Please be aware that campaign finance laws vary from state to state and some of the activities included below may require a Political Action Committee in your area.

- 1. Ask for it.** Include regular asks at meetings, through regular mail and email appeals to donors for c4 money. Pair each financial ask with announcements of political developments, key legislative campaigns/wins, endorsed candidates, etc. (N2N)
- 2. Door to door canvass.** MPA runs a year-round door-to-door canvass, in Maine no less. If they can do it there, you can do it in your state. Every conversation is an opportunity to link your issues to a direct, face-to-face ask for support. (MPA)
- 3. Phone canvass.** This works the same as a door-to-door canvass, but happens via the telephone. Often there is the opportunity to engage in more nuanced political conversations with members by phone, and to involve them in taking political action by inviting them to participate in a local action and to renew their support for your organization. (MPA)
- 4. House Parties and other event fundraisers.** House parties are a great way to develop members' fundraising capacity and to build new pockets of membership through your current members' networks. With minimal support, you can hold regular house parties and engage a new group in a deeper political conversation. As well, people often give if their friends or colleagues ask, so it is a great way to deepen the pool of members, board leaders and others becoming comfortable pitching the 501(c)(4). (N2N, KFTC)
- 5. Phone bank people who get involved online.** Many organizations have taken to sending out moveon.org-style emails that urge action steps and make membership appeals. While the return rate is low, you can use online actions as a barometer, and follow up by phone banking to make additional asks for low-dollar c4 donations and to get people to engage with your campaigns. (MPA)
- 6. Ask donors to match any gifts given to the 501(c)(4).** Everyone loves a matched gift and this is a great way to develop your donors' political and fundraising buy-in. Especially for new 501(c)(4)s, this can be a great incentive to build fundraising capacity for this new area of your work. (Citizen Action of New York)
- 7. Ask labor unions to support your 501(c)(4).** Community groups can often reach neighbors and populations that are untouched by more traditional electoral work. Labor has a great understanding of the need for progressive power in low-income communities and communities of color and they often share members with community groups. Build long-term relationships with unions by partnering on legislative campaigns and making specific election-year pitches, including candidate endorsements, clear goals, and specific staffing needs. Labor relationships can take time to build, but once they have developed, labor support can be hugely helpful for building up your 501(c)(4)'s capacity. (N2N)
- 8. Ask candidates.** Ask candidates' campaigns to give to your organization directly. Some will donate to the campaign directly and some will fundraise for you from their donors. This can be invaluable in reaching new or unlikely donors to your organization. In many areas, political donors may have no idea about the important legislative and electoral efforts of grassroots groups. An introduction can be key in bridging their understanding of the importance of your work. (N2N)
- 9. Research campaign contributions of prospective and current donors.** All contributions to campaigns must be reported and are easily searchable online through the Federal Election Commission or your state election commission. This is a great way to find out who has maxed out to particular candidates and who is giving to other political groups like Emily's List, a PAC which supports pro-choice, usually progressive candidates. Kurtz from N2N says, "We've had the most success when we run these lists by our current donors and contacts, to identify people they know and can connect us with through a personal introduction." (N2N)
- 10. Mail to candidates' maxed-out donor lists (those who have given the maximum donation to a candidate or overall).** Some campaigns will share their lists of donors who have maxed out to the campaign, and your organization can mail appeals to the donors directly. You can also ask candidates to mail to their donor lists on behalf of your organization. They mail their own letter asking people to donate to your organization. The best introduction is if it comes from the candidate directly. Think carefully about who is the audience for these efforts. Quotes from other key elected officials, even from other parts of the state, can be excellent endorsements to the efficacy of your work. (N2N)

all members twice a year. “One shift we made six years ago when I came on staff was to start linking our calls to the campaign issues we were working on,” said Surber. “All of a sudden, people started giving larger gifts and giving more frequently—many people signed up to give monthly as opposed to when we used to call for membership renewals.” Surber, who previously worked for the Citizens Environmental Coalition in New York and fundraised at her college, shared, “It

approach to building power. From 1988 to 2004 membership declined from 2,500 members across the state to 2,000 members. In 2004, KFTC raised \$67,000 from membership, individual donors and events. “The board and the rest of the organization made a renewed commitment to building power,” said Abbott. By 2006, they had increased their membership to 5,000 people and their annual income through grassroots fundraising to \$200,000. Every year since, KFTC

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was the way I had been fundraising for a long time. We gave it a shot and it really worked.”

MPA often shares its expertise with others. “Groups need help educating their donors,” said Daniel Espinosa Krehbiel, Electoral Program Director at National People’s Action, a network of grassroots organizations across the country that works to advance a racial and economic justice agenda. They have seven member affiliates currently in the process of starting sister 501(c)(4)s. “There are affiliates who have membership programs for their c3s and are figuring out how to build a new one in the c4,” said Espinosa. “MPA and Take Action Minnesota have shared lessons from running successful canvasses with other affiliates.”

Kentuckians for the Commonwealth

Kentuckians for the Commonwealth (KFTC) is another model of a successful—and growing—501(c)(4) organization. They have also had their 501(c)(4) since the mid-1980s. “We’ve long used our 501(c)(4) for lobbying work and since 2004 we’ve also integrated electoral strategies as a part of our overall approach to building community power,” said Lisa Abbott, KFTC Organizing Director. While they also have a 501(c)(3) (the Kentucky Coalition,) like MPA, they are primarily known across the state by the work and the name of their 501(c)(4)—Kentuckians for the Commonwealth. “Most of our individual members, events and grassroots fundraising goes to KFTC, which takes a lot of training and work,” said Abbott. “Our eleven chapters each hold at least one fundraising training each year. Fundraising is a part of the leadership ladder—at all staff meetings, member meetings, we hold ongoing fundraising training for board and staff and before each phone bank, house-party, and event.” But it wasn’t always like this.

In 2004, the KFTC board realized that in order to advance their political/policy goals they needed to take a different

has set annual membership goals and increased both the number of individuals and their support for the organization. By the end of 2011 they reached 7,500 members and raised more than \$389,000 in grassroots fundraising, the vast majority through the c4. KFTC membership dues range between \$15 and \$50 a year. Their goal moving forward is to build up their base of monthly donors, currently about 220 people.

Despite their success in building and strengthening their membership, KFTC faces other fundraising challenges. Two years ago, KFTC created a PAC with a different name. “It has been hard to raise money for it,” shared Abbott. “All our communication and image work was around the c4. The PAC requires people to understand that we are who we have always been—the PAC allows us to operate within the law and do the work most effectively.”

Raising money for a 501(c)(4) is pretty much like fundraising for a 501(c)(3), but the fear factor can make it feel more difficult. “When we’re asked at the door if the gift is tax deductible, we always say the same thing,” says Surber from MPA. “MPA is about building power for Mainers. We want to be the strongest voice we can and to lobby for the issues we care about. Ninety-nine percent of the people are good with that,” she adds.

Good grassroots fundraising is good fundraising. By educating your members and donors about 501(c)(4)s and how they can build the capacity and power of your organization, most donors will be happy to support your organization in a way that will build and grow your work the most. ■

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