



Why Some Politically Active 501(c)(4) Organizations Are More Effective Than Others

Margaret A. Post, Clark University

501(c)(4) social welfare organizations – called c4s for short – are a unique type of nonprofit organization. Unlike donations to 501(c)(3) public charity organizations, contributions to c4s are not tax deductible. With that, c4s can engage in unlimited advocacy and lobbying and can **endorse issues, policy positions, and candidates**, as long as these activities are consistent with the c4's social welfare mission. C4 organizations typically possess civic-minded missions, though many do not engage in direct advocacy or lobbying (i.e. senior citizen organizations, community service clubs, and sports groups). C4s have a reputation as organizations that conceal enormous campaign spending and influence politics in ways that are bad for democracy.

Despite their negative reputation, many c4s are doing important work that strengthens democracy by engaging people who are regularly left out of politics, helping them influence electoral, legislative, and governing decisions. Adding to their importance, many c4s are developing sophisticated organizational models anchored by well-trained, highly experienced professional staff and broad and deep constituent memberships. The research I am conducting with colleagues examines the structures and functions of “high capacity” c4s and suggests ways funders and organizations can enhance the effectiveness of c4s that are working to advance social welfare.

Civic Engagement and Policy Impact

Nonprofit advocacy and citizen action are essential to a strong democracy – particularly civic engagement, mobilization, and participation in policy change. Despite the common belief that c4s are mostly shell organizations that hide partisan campaign donors, our research shows that some c4s are amplifying the voices of those who would otherwise be left out of the policy process. To better understand how these types of c4s serve the public, my research takes a comprehensive look at c4s across the country. We have analyzed **administrative IRS data** about c4s and have examined, in depth, the development of capacities in three organizations – **LUCHA**, **Organize Florida**, and **New Florida Majority**.

LUCHA, Organize Florida, and New Florida Majority are just three examples of c4s that illustrate the positive impact c4s can have in civil society. Such organizations create pathways for community members to have a say in policies that most directly affect them and their neighbors. For example, these three c4s all aim to increase the participation and influence of low-income communities and communities of color. Further, these organizations, and others like them, are holding public officials accountable to the promises they make.

Our research indicates that, of the 81,000+ c4 organizations in the United States, only about 5,000 of them are “politically active” – meaning they engage in some form of civic action, including policy advocacy, lobbying, electoral campaigns, or partisan accountability efforts.^[1] While some of those politically active c4s deserve the

reputation they have and are, in fact, shells for moneyed interests – it would be a mistake to think of them all that way. LUCHA, for example, successfully led the way on the 2016 campaign to raise the minimum wage in Arizona by centering grassroots engagement in their strategy. Though most traditional constituent targeting campaigns focus on reaching likely voters, LUCHA invested in organizing new and low-propensity voters. Similarly, Organize Florida and New Florida Majority have theories of change that focus their organizing on leadership development and the year-round mobilization of people who are most directly impacted by the issues at the center of their campaigns, like the 2018 passage of Amendment 4, restoring voting rights to 1.5 million Floridians.

High Capacity Organizations and How to Build Capacity

Based on our research, we identified five characteristics of “high capacity” c4 organizations:

- Effectiveness at winning campaigns;
- The ability to build and maintain an engaged constituency;
- Political credibility and reputation with allies, public officials, and opponents;
- The ability to influence legislative outcomes by making claims, wielding power, winning policy change, and holding public officials accountable; and
- An organizational design and infrastructure that can ensure long-term sustainability.

Most effective c4s likely have some capacity in each of these areas – though most are stronger in some areas than others. Taken together these capacities are essential for establishing and maintaining a strong organization that can impact policy. Organizations and funders interested in building capacity should consider supporting the features that facilitate capacity growth:

- Well-defined organizational theories of change
- Strategic vision
- Unique leadership experiences and expertise of staff and members
- Momentum and experience from previous campaigns
- Reputation as well-established organizations rooted in low-income communities and communities of color
- Allied relationships with partners that enhance the ability of c4s to achieve their policy change goals

Implications

Our research indicates that when c4s combine civic action with grassroots’ engagement they can strengthen U.S. democracy by increasing political participation in historically marginalized communities – and by

amplifying the impact of that participation. C4s benefit when they have skilled organizational leaders, clear structures for staff management and support, the ability to fundraise, and expertise in financial and legal management.

To support these efforts, effective c4s need capacity to do externally focused work that builds connections with allied organizations, public institutions, and political elites. Our work shows that organizational capacity can be built not only within a single organization, but also through collaborative relationships within an ecosystem of related organizations.

Coupled with a strategic, long-term vision, an organization's theory of change can be an integral driver of capacity development because it focuses staff and volunteer members on areas that need growth. With this in mind, funders and practitioners should consider:

Investing in grassroots organizing – Develop funding strategies that expand grassroots organizing through and between electoral cycles. Organizing efforts should have clearly defined models for leadership recruitment and development, year-round organizing efforts in base constituencies, and integrated advocacy or electoral engagement opportunities in areas with new and low-propensity voters.

Investing in campaigns that cultivate capacity development – Support electoral races, ballot initiatives, and legislative campaigns that align explicitly with a statewide strategy for progressive change and contribute to base building in communities that have historically been excluded from the political process. Also, fund campaigns and programs that are intended not only to achieve a specific policy outcome or political goal but also to create or strengthen the organization's communications, technology, data management, or geographic expansion capacities.

Investing in organizational infrastructure – Prioritize investments in leadership, staff development, and management including organizational leadership hires and training, strengthening the pipeline of mid-level managers and experienced “#2” executive leaders, staff management practices, and internal operations and technical expertise.

These types of targeted investments can bolster individual organizations as well as foster sustainable capacity growth across coalitions and alliances. To ensure that the communities most affected by policy change have their voices heard, funders and practitioners in the worlds of advocacy and organizing should focus on the core capacities that allow organizations to engage hard to reach constituents and simultaneously win campaigns.

Read more in Margaret Post and Elizabeth Boris, “Civic Organizations that Promote Diverse Participation in American Democracy: A Study of Politically Active 501(c)(4) Organizations,” American Political Science Association Annual Meeting, 2019; Margaret Post and Marti Frank, “Capacity Building in 501(c)(4) Organizations”. Civic Participation Action Fund, 2019.