



# Using All the Tools in the Toolkit: Funding Advocacy for Social Change

By Debby Bielak, Liz Jain, Mahdi Fariss, Indu Pereira, and Zach Slobig

For many years, the New Mexico state capitol building would become a preschool for one cold January weekday morning. Under the soaring rotunda, little kids would sit in clusters around teachers and parents who would read them picture books out loud. [OLÉ Education Fund](#), a New Mexico-based 501(c)(3) nonprofit focused on strengthening education and organizing working families, was part of a coalition that led the annual 1,000 Kid March to pressure legislators to make early childhood education accessible for all.

New Mexico's significant oil and gas reserves contribute millions annually to the state's Land Grant Permanent Fund. In 2013, that fund held \$12.1 billion, with 5 percent annually going to support public beneficiaries. Eighty percent of that 5 percent went to support public schools. As part of a broad coalition of community-based organizations, OLÉ Education Fund advocated for increasing spending from the fund for early childhood education. That required a constitutional amendment to be approved through a ballot measure. But without the support of a majority of legislators, they couldn't get the issue on the ballot.

It took years of organizing by the OLÉ Education Fund and many others. Finally, in 2020, voters elected officials who supported this investment in early education. "It couldn't be c3s working by themselves. It also couldn't be c4s alone," says Andrea Serrano, executive director of OLÉ, the 501(c)(4) sister organization of the OLÉ Education Fund, using the shorthand "c3" and "c4" to refer to 501(c)(3) and 501(c)(4) organizations. (This shorthand is also used throughout this article. For more on the organization types, see the "[Using the Full Advocacy Toolkit for Social Change](#)" on page 4). "Over 12 years, we created an environment where every single New Mexican was hearing about early education as one of the things that could turn our state around," she adds.

The coalition successfully rallied unlikely—many first-time—voters with get-out-the-vote campaigns and absentee voter education amid the widespread shutdowns of the COVID-19 pandemic. "The tide had turned," says Serrano. "We got on the ballot. Over the next two years, we fundraised and laid the groundwork." This electoral work was a means to a much larger goal of significant policy change—to become the first state in the nation to enshrine early education as a constitutional right for every child.

The Vote YES For Kids campaign raised \$4 million—made possible by an array of philanthropies, including major funders of early childhood education, like [Ballmer Group](#) and the [Heising-Simons Action Fund](#). On November 9, 2022, the ballot initiative won with 70 percent of the vote across almost every county—with strong support in both Republican and Democratic districts—permanently unlocking \$150 million annually for education in New Mexico.<sup>1</sup> These dollars went to new childcare centers, direct support to

families for childcare, and family-sustaining wages for educators—improving the lives of children, their families, and educators alike. “Some families pay more in childcare than they do their mortgage or their rent,” says Serrano. “This was a huge relief for so many families in New Mexico.”

At The Bridgespan Group, we are seeing a rise in funders who recognize that impact at scale on the issues they care about requires policy and systems changes. They are considering whether and how to invest in advocacy efforts, and they have a lot of questions.

**We wrote this article to address the questions we hear most frequently in the United States and to provide research-based, tactical guidance on how, when, and where to consider funding advocacy.** Robust advocacy includes voter education and an engaged, invested electorate. It can also mean lobbying policy makers and supporting candidates for elected and appointed positions who back specific policies. These activities may require funding organizations beyond the typical c3s that most funders are familiar with. While our interviewees for this article encourage investing across the spectrum of organizations engaged in advocacy, the decision bears deliberation for every philanthropist. This article provides an overview of how you may effectively fund these different organizations, if you are so interested.

We have deliberately highlighted examples that have appealed to different parts of the political spectrum, and we have stayed away from more polarizing examples. In addition, we have rooted our examples in policy outcomes rather than in partisan political gains. You may not support every policy example; indeed, an example’s inclusion does not represent our endorsement of the policy. As we strive to make the world more equitable and just, we did not use examples that we feel run explicitly counter to that vision.

Our research builds on our previous publications [“Audacious Philanthropy”](#) (2017) and [“When Philanthropy Meets Advocacy”](#) (2018). And it is a complement to [“Betting on the Tortoise: Policy Incrementalism and How Philanthropy’s Support Can Turn Small Sustained Steps into Big Impact”](#) (2024). It reflects new research including more than 30 interviews with practitioners and philanthropists. In that research, our interviewees shared that thoughtful, nuanced, and sustained advocacy and policy work can lead to scaled, durable progress on just about any social issue in the United States.

## Using the Full Advocacy Toolkit for Social Change

Research by the [National Committee for Responsive Philanthropy](#), which promotes effectiveness and accountability in American philanthropy, showed that **every dollar a donor invested in policy and civic engagement resulted in \$115 in public benefit.**<sup>2</sup> Specifically, it found that philanthropic support for issue-based policy campaigns often realized outsized increases in public funding for services like education, more efficient government programs and services, and increased public revenue, in some cases.

At their most basic, advocacy efforts help to build public awareness, shift narratives, change norms, and engage legislators and decision makers to change policies and spending. As demonstrated by Vote YES For Kids in New Mexico, this often requires many actors—and different types of organizational entities that have unique and important roles to play. All these efforts require resources, and philanthropic dollars can be critical.

The US tax code allows for different types of tax-exempt organizations that accept contributions and can engage in different forms of policy advocacy. The c3 nonprofits most typically funded by philanthropists may do some level of advocacy—within limitations. (See [Figure 1](#) below). Fewer of them are engaging in advocacy than in the past, however. A 2023 report from Independent Sector found that “nonprofits today are less aware of the advocacy and lobbying activities they are legally allowed to do compared to 20 years ago.”<sup>3</sup>

Figure 1

### Different nonprofit legal structures enable a variety of different advocacy activities and present a range of advantages for funders

✔️ PERMISSIBLE    ⚠️ LIMITED PERMISSIBILITY    ❌ NOT PERMISSIBLE

DESCRIPTION		501(c)(3)s	501(c)(4)s	527s
<b>Educational activities and issue advocacy</b>	<b>Delivering research, analysis, and public education</b> on issues related to the organization’s mission	✔️	✔️	✔️*
<b>Lobbying*</b>	Engaging with legislators to <b>influence specific legislation</b> OR mobilize the public to <b>contact legislators</b> about specific issues	⚠️**	✔️***	✔️*
<b>Political campaign activities</b>	<b>Supporting or opposing candidates</b> for public office OR <b>supporting political parties</b>	❌	⚠️****	✔️

\* Income used for these purposes is subject to tax unless the activity is conducted with the intent to have electoral impact.

\*\* 501(c)(3)s can engage in limited lobbying activities that do not constitute a substantial part of their overall activities, relate to their exempt purpose, and are non-partisan; the specific proportion of any organization’s budget that it may legally allocate to lobbying is determined on a case-by-case basis.

\*\*\* This activity is allowed as long as it is related to the organization’s exempt purpose.

\*\*\*\* These activities are allowed within prescribed limits, but must not be a primary activity (i.e., must be less than 50% of the organization’s activities). Organizations that fund political campaign activities must make expenditures independent of political candidates.

Restrictions differ for other types of legal entities: 501(c)(4) nonprofits and 527 political organizations, which include the organizations known as political action committees (PACs). Notably for funders, there are different reporting requirements and tax implications for giving to these entities (see [Appendix 2](#) on page 18). Kim Jordan, founder and board chair of the [Mighty Arrow Family Foundation](#), lets her desired impact guide her giving, regardless of the tax efficiency of the tools she uses to give. “Some people think, ‘If I can’t make a tax deduction, I’m not doing it,’” says Jordan. She has a different mindset. “If you want a policy that supports the kind of work you want to see in the world, you need to elect policy makers who will make that happen,” she says.

To be sure, there are some concerns about accountability and lack of transparency in giving to c4s and 527s, such as lack of disclosure requirements for c4 giving (see “[The third rail of money in politics](#)” on page 6). Inherently, though, funding the full advocacy toolkit means political funding. And whether or not you think there should be money in politics, money is already present in the US political system in large quantities, and it has had a major influence on who makes decisions and where policies stand today. It’s critical to understand how it works because, on any issue, those opposed to your philanthropic goals may already be engaging in politics in ways that undermine the impact of your giving. Thus, a desire for social change through policy will mean that some level of political funding is, by necessity, part of the full advocacy toolkit.

“C4s enable a full expression of a community’s voice and clear articulation of its priorities,” says Tory Gavito, cofounder and president of [Way to Win](#), which provides philanthropic and political advisory services. C4s offer valuable flexibility—they can and often do use all the advocacy activities of a c3 while allowing deeper engagement in politics and policy advocacy. 527s build on this work by enabling unrestricted political advocacy to elect candidates committed to the social change communities seek.

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AND PRESIDENT, WAY TO WIN

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Consider the strategic victories in just a few years from the c4 [American Federation for Children](#) (AFC), which has led the “school choice” movement. Its new Super PAC, the [AFC Victory Fund](#), intends to spend at least \$10 million during the 2024 election cycle, focusing on state lawmakers who oppose school choice.<sup>4</sup> AFC supports pro-school choice candidates, especially by targeting opposing incumbents. And it has shifted the political landscape in multiple states. It has helped win school choice legislation in Florida,<sup>5</sup> Iowa,<sup>6</sup> and Arkansas.<sup>7</sup> Pro-school choice PACs have significantly outspent public education PACs in recent election cycles, successfully influencing elections and legislative outcomes that favor school choice policies.

Or, consider the efforts of the c4 nonprofit [Health Care for America Now](#) (HCAN) to push for the Patient Protection and Affordable Care Act (ACA). In 2008, [The Atlantic Philanthropies](#)—a now sunsetted private foundation that invested over \$8 billion in health and equity initiatives over its 38 years in operation—saw HCAN’s potential to work with grassroots organizations to advocate for a strengthened social safety net at the local, state, and national levels.

Its affiliated c4, The Atlantic Advocacy Fund, moved \$27 million in mostly general operating support to HCAN to raise awareness and build public will for the ACA. This ultimately led to the passage and implementation of the ACA, which covers some 21.3 million Americans with health care.<sup>8</sup> To this day, HCAN continues to use its status as a c4 to protect the ACA and to advance health care access in the United States. Advocacy is critical to build public understanding to support new legislation. It is often also critical following a policy change to maintain desired outcomes despite opposition pushback.

Many of our interviewees noted the value of an integrated strategy—reminiscent of how the groups in New Mexico used the different advocacy tools that require different types of funding (see [Appendix 1](#) on page 17 for how different vehicles supported the Vote YES for Kids campaign). “Social change cannot happen with a c3 alone,” says EunSook Lee, executive director of both the [AAPI Civic Engagement Fund](#), a 501(c)(3) nonprofit funder of organizations serving Asian American and Pacific Islanders (AAPIs) across the United States, and its sister c4 organization, the [National AAPI Power Fund](#). “The highest-functioning organizations we partner with and grant to engage in c3, c4, and electoral strategies because they understand that all of these tools have a role to play in bringing justice and democracy to AAPI communities.”

## The third rail of money in politics

Private funding in politics has increased in recent years. It has transformed the machinery of politics in the United States and far too often has worked to curtail rights and advance inequity. Some funders—like many people—believe that the influence of money in politics is fundamentally wrong.<sup>9</sup> They share concerns of narrow self-interest and lack of accountability under current governance, including lack of transparency of “[dark money](#).” Even so, that flow of cash continues unabated, often leading to worse outcomes for the most marginalized communities.

Many of our interviewees encouraged funders committed to positive social impact to fund electoral work to get support for policies aligned to their issue areas. “Currently, money runs politics,” says Kim Jordan, founder and board chair of the [Mighty Arrow Family Foundation](#). “We can’t sit around and decide that’s unseemly and we don’t like it, so we’re not going to give. If you want good policy, you have to figure out how to elect good policy makers.”

Some funders (and many others) believe that leveraging their accumulated wealth to move public policy is undemocratic. Alex Johnston, president and founder of [Building Impact Partners](#), says he understands that thinking. “But money in politics works, and our system is not broken in that sense,” he says. “When you deliberately decide you’re not going to engage because it feels dirty and broken, you’re leaving the field open to the people who know that it may be dirty, but [don’t think] it’s broken.”

It’s also worth noting that there are advocacy and policy efforts to limit the negative impact of money in politics. The [Freedom to Vote Act](#), for example, which included accountability in campaign finance, passed the House in 2021 but fell short of passing in the Senate. Additional voter engagement and advocacy efforts—backed by committed funders—could push policies like this over the goal line.

## You Can Invest in Advocacy in Ways That Work for You

There are a range of ways to fund advocacy, involving supporting different activities through different types of organizations. Our interviewees recommended some ways of investing, which we share below.

### Support the full extent of c3 advocacy work

Many funders and nonprofit leaders don't realize how much work a c3 can do to shape policy and how that work can have outsized impact. Giving c3 dollars and trusting grantees to use them to the full extent of what's allowed for a c3—including a limited amount of lobbying—give funders a chance to gauge their comfort level with advocacy work.

Consider [StriveTogether](#), a c3 nonprofit helping local organizations improve “cradle-to-career outcomes” for youth—that is, comprehensive health, social, and educational supports from birth through college and on to employment. For years, local organizations from the [California Promise Neighborhood Network](#), some of which are StriveTogether affiliates, advocated for increasing public funding for cradle-to-career programming and sought to demonstrate to policy makers that their organizations could make a significant difference not only for community members' educational attainment but also for broader life outcomes.

In 2020, StriveTogether and the California Promise Neighborhood Network formed a coalition with three state-level organizations, [GRACE](#), [End Child Poverty in California](#), and [California Forward](#), to create the [California Cradle to Career Coalition](#). This coalition would spend 2022 building on the foundational advocacy and education of years prior by investing a small amount toward lobbying. Josh Davis, StriveTogether's vice president of policy and partnerships, described how this investment—a mere \$100,000 across all partner organizations—fell well under these organizations' c3 lobbying limit. It enabled years of work and millions of dollars spent on awareness raising and public education, to finally culminate in the state of California investing \$15 million in cradle-to-career programming.<sup>10</sup>



Members of the StriveTogether Cradle to Career Network like Learn to Earn Dayton connect people, organizations, ideas, and initiatives to create more opportunities for young people. (Photo courtesy of StriveTogether)

## Create the structure to fund c4 and 527 activities, if necessary

Funders can give across legal structures in several ways to build a portfolio of complementary tools that will accelerate and sustain progress toward their goals. Importantly, if you're interested in funding the full suite of advocacy activities allowed in c4 and/or 527 organizations—such as unlimited lobbying and political campaign activities—you may need to consider creating an alternative legal structure. This is particularly relevant for funders who house their giving in a legal entity such as a c3 family foundation. Interviewees shared several examples of families that set up separate legal entities to advance and sustain their philanthropic priorities.

On the other hand, individuals giving directly to c3s can also give to c4s and 527s without creating new structures (see [Appendix 2](#) on page 18).

## Give through intermediary funding organizations

Intermediary funding organizations and donor-advised funds offer givers a structured, efficient, and high-impact approach to funding c3, c4, and 527 organizations. There are many such organizations—for example, current Bridgespan research on funder collaboratives to support democracy highlights a number of collaboratives, including [New Pluralists](#), the [Election Trust Initiative](#), and the [Pop Culture Collaborative](#). Funder collaboratives take care of administrative burdens, navigate the legal details, and leverage deep experience in advocacy to conduct thorough due diligence. They can also facilitate anonymous giving for those who wish to keep their advocacy private. These intermediaries, especially those led by people with direct issue experience, often have the kinds of relationships and insights that equip them to allocate funds to maximize their impact.

Intermediaries are also helpful because a lot of available funding—whether to c3s or c4s—is restricted from supporting lobbying activities. “Those funds [to intermediary organizations] offer such an important solution because they can focus the limited amount of funding that has no lobbying restrictions while deploying more plentiful dollars toward non-lobbying activity, such as education,” says Beth Huang, the civic engagement and democracy program officer at the [Tides Foundation](#). “This allows community leaders to choose the right tool for the problem that they're trying to solve. Using c3 dollars to support the primary purpose activities of c4 organizations [such as lobbying] sustains year-round organizing and advocacy programs and helps to mitigate the impact of boom-and-bust funding cycles.”

## Give to c4 or 527s—starting with the affiliated arms of the c3 organizations you already know

Aly Richards and her team at [Let's Grow Kids](#), a Vermont-based c3 nonprofit focused on increasing access to affordable childcare across Vermont, knew that it would take persistent c4 advocacy to significantly increase public funding for childcare in the state. “The way to fix childcare is through policy,” says Richards. “That's the solution. There's no way around it—it's public investment.”

With that understanding of the power of policy change, Let's Grow Kids and its c4 sister organization, [Let's Grow Kids Action Network](#), successfully lobbied for an increase of \$125 million annually to ease Vermont's childcare crisis. As in many campaigns working

for outcomes that serve communities, this campaign created a broad coalition, from parents to early childhood educators to business leaders. Like many social issues, support for childcare crosses party lines. “We had Democrats, Republicans, and even a Libertarian on our side,” says Richards. “We wouldn’t have been able to make history without the finer point that the c4 and the political work do.”

Hannah Burnett, director of campaign giving and employer engagement, attributes the success of Let’s Grow Kids Action Networks’ efforts to the trust and support of funders who spent years supporting their c3. “Our funders are very savvy,” says Burnett. “We’ve been doing systems change work with them for a long time. Our long-standing relationships made it easier to invite them into the c4 space. We started with that group of people who really knew us, who were already invested. They saw this as a tool to really advance our impact and as insurance of the work that we had already done together.”

When deciding which c3s to fund, it’s prudent (and entirely legal) for donors to explore if these entities have affiliated c4s and 527s. For example, many recognizable names in the social sector have such c4s (e.g., [American Cancer Society Cancer Action Network](#), [Heritage Action for America](#), [SPLC Action Fund](#)) or 527s (e.g., [American Medical Association’s AMPAC](#), [Human Rights Campaign PAC](#)). Organizations with such a structure can use c3 funding to grow their organizational capacity and conduct c3-allowed activities that strengthen community voice and encourage civic participation—outcomes that provide a critical foundation for effective advocacy. They complement this work with c4 work, including more robust lobbying, and the electoral work of 527s.

## **Collaborate with funders and experts who share your goals**

Funders tell us they often do this work best in community, with a spirit of inquiry and humility. As you increase your commitment to advocacy funding, they suggest you find the funder collaboratives and learning communities on the leading edge of this kind of giving. Collective action in the philanthropic community can move money smarter.

Collaborative work in a range of forms makes complementary efforts that move toward shared goals more visible. Jason Berkenfeld, founder and president of [Bluespark Partners](#), which supports funders interested in prodemocracy work and political giving, articulated what it looks like—and why it’s so much better—when funders collaborate. “Together, it all adds up to something greater than the sum of its parts,” he says. “We know where we’re all focused and can figure out how not to duplicate efforts.”

This isn’t hypothetical. Consider the Inflation Reduction Act—the single biggest US investment in addressing climate change,<sup>11</sup> which 73 percent of Americans supported<sup>12</sup>—for a recent example of the power of funder collaboration to support advocacy. “If you count the combined cost of c3 and c4 staff advocacy and paid campaign spending, it must have

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LET’S GROW KIDS

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been in excess of a hundred million dollars spent across the entire climate community to get that across the finish line,” says Ed Yoon, chief external affairs officer at the [Natural Resources Defense Council](#), describing the coordinated efforts of groups with a shared strategy and aligned tactics. “And it paid off.”

## How to Make the Most of Your Advocacy Giving

If you do decide to fund advocacy, our interviewees shared the following set of suggestions for how to do it most effectively. “Just as you would have a strategic financial investment portfolio with different tactics and organizations, you should think about philanthropic funding like that for whatever your issue area or constituency is,” says Erin Egan, executive director of the [Committee on States](#).

Consider the following as a menu of tactics to choose from to tailor to your goals, rather than a suggestion to do them all.

### **Consider opportunities to partner on issues, not party lines**

The movement for criminal justice reform is a strong example of the importance of building broad coalitions in service of powerful solutions. In 2018, [Stand Together](#), a philanthropic community initiated by Charles Koch, brought together a pair of unlikely allies—former Obama official Van Jones and former senior vice president and general counsel of Koch Industries Mark Holden—to gather support in Congress on both sides of the aisle.<sup>13</sup> Stand Together’s efforts helped win the bipartisan (87 to 12 in the US Senate) passage of the First Step Act, which reduced excessive punishments and expanded access to rehabilitation programs that help people successfully transition back into their communities upon release from incarceration.

Let’s Grow Kids’ efforts in Vermont similarly demonstrated the power of bringing unlikely allies together in service of impact. Burnett at Let’s Grow Kids underscored the importance of coalition building that centered the business community not just as an ally but as a trusted messenger in the organization’s work to increase public funding for childcare. “Public investment in childcare is not a partisan social experiment,” she says. “It’s a well-researched, smartly designed, and thoughtfully executed investment in our economy that is otherwise languishing. This was not just informed by our business leaders. It was led by them.”

As another example, one funder helps coordinate and build coalitions among its grantees to increase the effectiveness of its advocacy. “Coalition work, to put it bluntly, is hard as hell,” says an advisor. “But when it works, it works really well.”

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ERIN EGAN, EXECUTIVE DIRECTOR, COMMITTEE ON STATES

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Interns from [Café Momentum](#), a [Stand Together](#) partner that provides paid internships to justice-involved youth, prepare food during a pop-up dinner in LA.

## Fund at the regional level(s) needed to accomplish your goals

While many think of funding policy advocacy at the federal level, there are opportunities for transformative impact that require careful and targeted investment across the country, at all levels of government. Working at the state and local levels can result in rapid, incremental change that eventually aggregates to federal-level change.

Consider [Groundswell Fund](#), which over two decades has moved more than \$100 million in grants and capacity-building support to nearly 300 organizations in just about every US state. One of the organizations it has invested in is the c3 [Miami Workers Center](#), which historically engaged in deep organizing in the Liberty City community to win affordable housing for community members.

“Some demands were much more ideological than practical, but it was about providing a way for community members to build visibility and fight for their community,” says Quanita Toffie, executive director of [Groundswell Action Fund](#). “Initially this looked like traditional organizing—finding the residents who were displaced by gentrification, bringing them into community meetings, figuring out who’s attending what council meetings, and building a long-term plan.”

From its rallies and overnight sit-ins outside of Miami-Dade County Hall, Miami Worker’s Center efforts have continued. Recently, it addressed a severe affordable housing crisis exacerbated by the pandemic and led a successful campaign for a Tenant’s Bill of Rights, that “makes it harder to screen rental applications based on past evictions, makes it easier

for tenants to bill landlords for repairs, and protects against retaliation for reporting a rental's disrepair to the government". The bill was passed by the Miami-Dade Board of County Commissioners on May 3, 2022.<sup>14</sup>

## **Look to organizations going beyond the norm**

Opportunities exist across the map, and leaders at different levels can spark change on the issues you care about. Consider the issue of tribal sovereignty in Alaska, where Indigenous people comprise over 20 percent of the population.<sup>15</sup> A coalition of organizations supported Mary Peltola, who became the first Alaska Native elected to Congress. Due in part to Peltola's election and persistent efforts, a ballot initiative passed that formally acknowledges the sovereignty of Alaska's 229 federally recognized Native tribes.<sup>16</sup> "Representative Peltola's win was 10 years of investment by in-state partners who resourced a coalition working on a tribal recognition ballot initiative with Peltola," says Janae Dasef, director of donor engagement at the [Center for Secure and Modern Elections](#).

To advance change on the issues you care about, consider funding organizations that look beyond presidential, congressional, gubernatorial, and mayoral races. One funder highlighted the potential of reshaping local water boards. While low on glamour, water board elections are high on impact—making decisions with very real consequences on residents' access to clean, safe, and affordable water.

The Mission Springs Water District board election was a prime example—the election represented a critical juncture for a district that serves a rapidly growing population in Desert Hot Springs, California.<sup>17</sup> Election issues included fiscal mismanagement, rising costs, and toxic chemicals in the water supply. A political newcomer edged out a status quo seven-term incumbent, reshaping a water board that will impact the quality of life and well-being of that community for years to come.

These are also often low-cost investments—a situation where small can be beautiful. Local nonprofits working on these elections and many other local or regional issues across the country are an invaluable complement to major national organizations. They make a vital difference in their own communities and provide a critical foundation for national-level change.

Another approach is to look to organizations that engage "low-propensity" voters—who are disproportionately people of color. Leaders on the ground know how important it is to mobilize these voters to support legislators who champion the issues they care about most, and they know how to get it done.

"We really started going after unlikely voters and people of color," OLÉ's Serrano explains of its strategy to get Vote YES For Kids on the ballot. "Just in Congressional District Two, we turned out 2,660 voters, unlikely voters of color who didn't vote in 2020." Ultimately, a mere 1,300 votes decided that district.

## Give early and stay the course

Organizations working on political change see funding spike in predictable cycles, but sustained funding over the long term is critical to winning. Practitioners often only receive short-term funding in the few months prior to an election. Many see funding in years of presidential elections but not in off-cycle or midterm election years.

“The election cycle is just one stage,” says Eric Jeng, deputy director of [One APIA Nevada](#), a nonprofit advocating for policies that empower Asian American, Native Hawaiian, and Pacific Islander Nevadans. Policy and advocacy work takes time, decades in many cases, and early, sustained funding allows leaders on the ground to plan for success not just on election day but beyond. “For us, building a consistent and coherent presence in a community makes the work we do a lot more effective and powerful,” Jeng adds. “To do that, we need consistent funding, not a sprint and drop-off.”

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ONE APIA NEVADA

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Dasef at the Center for Secure and Modern Elections has worked hard to communicate the importance of early funding. “Earlier funding is often better. I’m shouting this from the rooftops constantly,” she says. “If you come in earlier, even, sometimes, at a lower scale, it’s going to be more impactful.” We heard from others about the impact of funding immediately following an election, too. Knowing they will have resources after election day is critical for leaders on the ground to do their best work before election day, and to maintain their teams and infrastructure for issue-based organizing year-round.

Additionally, many funders follow practices that Bridgespan and others have spoken to. Those practices include funding proximate leaders—those with lived experiences, shared identities, or geographic connections with the communities they are working in. They also include providing [general operating grants](#) to allow flexibility and nimble responses. Removing grant restrictions on lobbying activities could be a start.



A One APIA Nevada volunteer talks to a community member during a National Voter Registration Day event in 2023. (Photo courtesy of One APIA Nevada)

Figure 2

**Issue-based campaigns (like OLE’s) often leverage different nonprofit legal designations to conduct critical activities before, during, and after elections**

Primary\* vehicle for described activity: ■ 501(c)(3) ■■ 501(c)(4) ■■ 527

	LEAD-UP	WINNING THE AMENDMENT	POST-ELECTION
	ACTIVITIES		
Education and awareness raising	(Digital) GOTV canvassing across the state	Educating voters on the nature of the upcoming ballot measure election and limited funding for childcare in New Mexico	Commissioning a study to illustrate the ROI of allocating funds to early educator wages, benefits, and career development
Grassroots mobilization	Annual 1,000 Kid March to the state legislature, bringing parents, children, and early childcare workers to the New Mexico state capitol to demonstrate public support for legislation that would increase funding for early childhood education	Driving the “Vote Yes for Kids” campaign, engaging voters to encourage them to support the upcoming ballot measure	
Lobbying		Lobbying legislators to support a ballot measure to increase public funding for early childhood education, as required to pass a constitutional amendment	Lobbying the Senate Finance Committee on the most impactful ways to allocate newly appropriated funds
Electoral/political campaign activities	Supporting/ endorsing aligned candidates (House, Senate, and gubernatorial) to help gain support necessary to put the constitutional amendment on the ballot	Creating voter guides and other materials/programs to highlight alignment or misalignment between a particular candidate and the organization’s agenda	

\* Many activities can be undertaken by more than one entity, but c3s, c4s, and 527s have different reporting requirements and limits (e.g., lobbying can be conducted by c3s, c4s, and 527s, but only c4s can lobby without limits).

Note: GOTV = get out the vote; ROI = return on investment.

## Driving Systemic Solutions Through Policy and Advocacy

Policy change is a foundational component of social change at a population level. Funders intent on getting to the root of issues they seek to address know this well. Many of them fund with the full suite of advocacy tools to reach their goals, to help communities build and exert power on democratic institutions, and to achieve and sustain systemic solutions.

Ultimately, this is about maximizing impact. Many funders overlook or shy away from advocacy and policy work. The funders we interviewed underscored that using these tools isn't as fraught or complicated as it may seem, that they can be used to elevate community priorities (as opposed to advancing narrow self-interest), and the payoff is huge for people and communities.

“Put outcomes that you seek first and then let money and structure follow that aspiration,” says Michael Madnick,” CEO of [Mountain Philanthropies](#). “There are different flavors of capital that, when deployed in an intentional mix, have a much faster and more consequential effect than when you limit yourself exclusively to 501(c)(3) giving.”



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## Endnotes

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## Appendix 1

**Issue-based campaigns (like OLE's) often leverage different nonprofit legal designations to take full advantage of all the tools in the toolbox**

### **EDUCATIONAL ACTIVITIES AND ISSUE ADVOCACY**

**An example of how the leaders in New Mexico leveraged education and general issue advocacy to advance their goals**

**Raising public and candidate awareness** about the importance of early childhood education and funding for early childhood workers in New Mexico

### **LOBBYING**

**Some examples of how the leaders in New Mexico engaged in lobbying and legislation-specific mobilization**

**Lobbying policy makers** to support legislation that would increase public funding for early childhood education

Organizing the 1,000 Kid March, which brought parents, kids, and early childcare workers to the New Mexico state capitol to **demonstrate public support for legislation that would increase funding** for early childhood education

### **POLITICAL CAMPAIGN ACTIVITIES**

**An example of how the leaders in New Mexico engaged in political campaign activities**

Using a PAC to **fund and endorse candidates that support increased funding for early childhood education**

Creating voter guides and other materials/programs to highlight alignment or misalignment between a **particular candidate and the organization's agenda**

## Appendix 2

### Funder considerations

	501(c)(3)s	501(c)(4)s	527s
<b>Tax implications and limits on giving</b>	<ul style="list-style-type: none"> <li>• Donations are generally <b>tax deductible</b> for the donor.</li> <li>• <b>Private foundations and HNWI</b>s can fund 501(c)(3) organizations even if they engage in lobbying efforts, but donations earmarked to support such activities will not be tax-deductible and excessive grants for lobbying could result in excise taxes for the recipient charity.</li> <li>• <b>LLCs</b> can fund 501(c)(3) organizations even if they engage in lobbying efforts; the limit for tax-deductible contribution made by a pass-through LLC is determined on a case-by-case basis for each LLC member.</li> </ul>	<ul style="list-style-type: none"> <li>• Donations are generally <b>not</b> tax deductible for the donor, but in special circumstances could be treated as business expense under IRC 162, which may offset business income.</li> <li>• <b>Private foundations</b> can provide funding for 501(c)(4) organizations even if they engage in lobbying activities, but they must exercise expenditure responsibility (i.e., specific, additional oversight) to ensure the funds are used for charitable purposes and not for lobbying or electoral purposes.               <ul style="list-style-type: none"> <li>- <b>Private foundations may not make grants that will be used for lobbying, voter registration, or political campaign activities.</b> Therefore, any grants made to the organization must be accompanied by (1) a pre-grant inquiry, (2) a grant agreement, and (3) detailed post-grant reports from the grantee organization on how the funds are spent.</li> <li>- Grants for lobbying or political campaign activities could result in excise taxes on the foundation.</li> </ul> </li> <li>• <b>Community foundations</b> can provide funding for 501(c)(4) organizations. As public charities, <b>they are permitted to make grants that will be used for lobbying and limited election-year activities</b> (e.g., ballot-measure advocacy, voter registration, etc.) as long as such grants are not made out of donor-advised funds held by the community foundation.</li> <li>• <b>HNWIs</b> can provide funding for 501(c)(4) organizations even if they engage in lobbying activities, and grants of any amount to support those activities will not result in an excise tax.</li> <li>• <b>HNWIs</b> do not need to exercise expenditure responsibility.</li> </ul>	<ul style="list-style-type: none"> <li>• Donations are generally <b>not</b> tax deductible for the donor.</li> <li>• <b>HNWIs</b> can provide funding for 527s engaging in any amount of political campaign activities, and grants of any amount will not result in excise or other taxes as long as the funds are used for “exempt functions” (i.e., election-related activities) as defined in section 527 of the IRC.</li> <li>• <b>HNWIs</b> do not need to exercise expenditure responsibility.</li> </ul>
<b>Reputational implications</b>	<ul style="list-style-type: none"> <li>• <b>Donors may choose to remain anonymous</b> to the public, but donors who contribute in excess of certain thresholds must be reported to the IRS on the organization’s Form 990, Schedule B. Schedule B is not a public document.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>501(c)(4)s can keep donor identities secret</b> to the public.</li> <li>• <b>Donors using an LLC may be required to disclose their contributions</b>, depending on the political activity supported by their contribution and its geographic location.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>527s may be required to disclose their donors</b> through the Federal Elections Commission.</li> </ul>

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