



USING 501(C)(4) ORGANIZATIONS FOR GOOD

501(c)(4) organizations are key to effective advocacy campaigns and movements. With more flexibility than 501(c)(3)s to engage in lobbying and political activities, they are a vital tool to advance policy change. They are also critical to engaging and mobilizing marginalized and disenfranchised communities. But deciding whether to establish or support a (c)(4) can be difficult, especially when questions

“501(c)(4) social welfare organizations are a vital tool for nonprofits and funders seeking to shape policy outcomes that benefit their members, constituencies, grantees, and society at large.”

501(c)(4) STRATEGY AND DISCUSSION GUIDE

about funding and legal compliance come into play. Alliance for Justice developed a collection of resources for individuals, funders and organizations interested in creating or funding 501(c)(4)s to help them navigate these questions and use (c)(4)s to maximize their advocacy work. These resources include the [501\(c\)\(4\) Strategy and Discussion Guide](#), [Primer on Social Welfare Organizations](#), [Considering Starting a 501\(c\)\(4\)?](#) and [What Every Funder Must Know About 501\(c\)\(4\)s](#).

Atlas Learning Project

Now more than ever, funders need to learn from each other and put effective approaches and strategies into action. Alliance for Justice’s guides on using 501(c)(4) organizations for advocacy are part of the Atlas Learning Project, a suite of resources from The Atlantic Philanthropies and other experts in the field aimed to help funders think strategically about how to defend, sustain and advance progressive policy change. With smart thinking, bold action and sustained focus, funders and advocates will be better positioned to succeed in advocacy and policy change.

501(C)(4)S ARE CRITICAL FOR POLICY SUCCESS

- Public policy change is rarely achieved with 501(c)(3) funding alone.
- 501(c)(4)s serve as a key complement to the work of (c)(3)s because they can engage in more activities with fewer restrictions. They can do unlimited lobbying, support or oppose candidates and speak openly about controversial issues without worrying about losing their tax status.
- 501(c)(4)s provide a vital platform for disenfranchised communities and others that might otherwise lack political clout, and they play a key role in social justice victories.
- 501(c)(4)s are also a valuable vehicle for ballot measure campaigns and coalition leadership because of their unlimited lobbying capacity.
- By donating to (c)(4)s, funders can build an enduring framework for long-term policy and electoral success.

WHEN SHOULD YOU SET UP A 501(C)(4)?

Creating a 501(c)(4) could be strategic if:

- You have a robust donor base to fund (c)(4) work.
- You need all the tools in the advocacy toolbox to advance policy or fulfill your mission, such as unlimited lobbying capacity and partisan electoral work that you can only do as a (c)(4).
- You want to help elect or defeat candidates whose leadership plays a role in advancing your organization's cause and hold elected officials accountable at the ballot box.
- You want to amplify voices in the policy and political process that might otherwise go unheard.
- Your advocacy goals require either a ballot measure or public referendum campaign.
- Your policy issue has become politicized and you want to be able to speak directly and aggressively without compromising your (c)(3)'s status.
- You're affiliated with a (c)(3) and want to protect its reputation or amplify its work.

501(C)(4) BEST PRACTICES

Best practices for setting up an affiliated 501(c)(3) and 501(c)(4) include:

- Establish clear recordkeeping, accounting and administrative practices from the start in consultation with a lawyer or compliance specialist to ensure legal compliance.
- The (c)(3) and (c)(4) should be legally distinct entities with separate EINs, bank accounts, names and logos.
- A knowledgeable staffer should manage boundaries and compliance issues between the (c)(3) and (c)(4).

TIPS FOR FUNDERS

- Public foundations can make grants to 501(c)(4)s, but the grant cannot be used to support or oppose political candidates at the local, state or federal level.
- Private foundations can also make grants to (c)(4)s, but the grant must only be for charitable purposes. Funders can help grantees comply with grants by clarifying what they mean by "(c)(4) funding."
- Funders should also seek to empower their (c)(3) grantees, who often don't realize how much advocacy they can do. Funders can take the following steps to increase the advocacy capacity of their (c)(3) grantees:
 - Do not prohibit public charities from using grant funds for lobbying.
 - Make general support grants whenever possible and provide long-term grants.
 - Encourage reporting on the grantee's work in general, rather than on how your grant funds were spent.
 - Offer training on the legal rules that apply to lobbying.
 - Ask whether grantees have made the 501(h) election.
 - If you require grantees to conduct evaluations of their work, give additional funding to cover the costs of doing so.
 - Provide tools, templates, and guidance to (c)(3)s as they establish affiliated (c)(4)s.