CLOSING THE MISSING MIDDLE IN ECONOMIC JUSTICE

A 5-STEP PLAYBOOK FOR 501(C)(3) NONPROFITS TO CLOSE THE GAP BETWEEN COMMUNITIES AND DECISION-MAKERS FOR ECONOMIC POLICY CHANGE

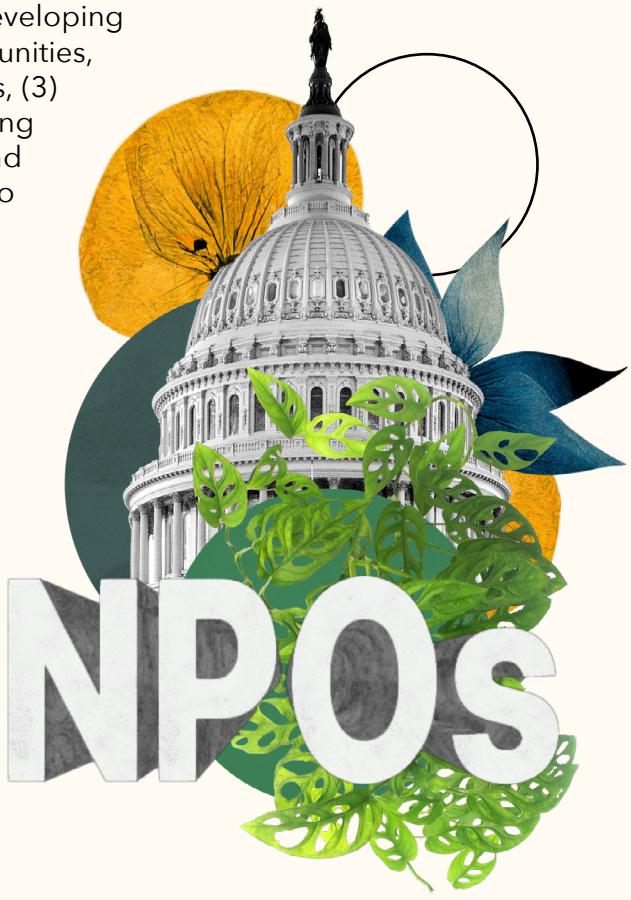


COMMONFUTURE.

WHO IS THIS PLAYBOOK FOR?

This playbook is primarily for 501(c)(3) nonprofits who are in the **early-to-mid stage** in developing their capacity to engage in economic justice policy change work, particularly nonprofits who serve majority POC and marginalized communities. **Specifically, this playbook supports community-engaged nonprofits to influence local, state, and federal economic policies for the benefit of people, not profits.** We define economic policy broadly, inclusive of fiscal policy (government spending, taxation, etc.), monetary policy, redistributive policies, predistributive policies, and policies that govern consumption, production, and wealth (Lee, 2018; Bunker, 2015). **If you're exploring what it might look like to expand or develop economic justice policy-related strategies at your community-oriented nonprofit, this playbook is for you.**

We wrote this playbook to support nonprofits who are (1) developing and deploying economic innovations to shift power to communities, (2) serving communities by providing inclusive financial tools, (3) supporting community economic development, (4) supporting specific identity groups in achieving economic security and belonging, and (5) providing key social services related to economic systems like housing and access to public benefits.



By developing the capacity to *influence* economic policies, such as policies that define the rules and regulations in our banking systems, expand or maintain benefits like the child tax credit, or transform economic livelihoods through worker power and reparations, nonprofits have a crucial role to play in economic policy change. Based on our survey of 501(c)(3) economic justice nonprofits, 89% of our survey participants responded that they are interested in work that impacts policy decisions (Appendix C). **With refined and targeted policy strategies, nonprofits can leverage their existing power, knowledge, and relationships to bring about larger, more systemic change.**

Philanthropic funders, governmental staffers, and supportive intermediaries may also use this playbook to develop strategies to engage with and support nonprofits in their journeys towards creating sustainable, systemic change.

EXECUTIVE SUMMARY

At Common Future, we have been supporting community-serving 501(c)(3) nonprofit organizations around economic change strategies for 23+ years, particularly those who serve majority BIPOC communities and—more recently—primarily Black and Indigenous communities. Through this work, we've heard hundreds of our nonprofit partners express the desire to engage more deeply with economic policy. And yet, we know that the current conditions within the nonprofit ecosystem are not always supportive to nonprofits interested in these aims.

It can be particularly difficult for 501(c)(3)s to find funding that supports lobbying or even broader policy-related capabilities, especially when nonprofits are led by people of color (Kim and Li, 2023). In today's funding landscape, nonprofits have become increasingly specialized, resulting in more narrow mission statements that can feel prohibitive to engaging in economic policy (MacIndoe et al., 2023). Moreover, there is often a lack of clarity around 501(c)(3) regulations limiting policy activity and some nonprofits have faced increased scrutiny from congress (Kershaw, 2023). Though many organizations with a 501(c)(3) status have opted to form affiliate 501(c)(4) groups to take on advocacy work, there is extremely limited funding for these groups given that donations to 501(c)(4) groups are not tax deductible (Patterson Belknap, 2024).

Despite these challenges, we've seen nonprofits prevail. From 2022-2023, Common Future ran a policy incubator to support the capacity of community-serving 501(c)(3)s to do more economic policy work (Appendix E). In that program, we saw firsthand how effective nonprofits have been in developing aligned and powerful strategies to address important economic policy issues, from changing housing policy in Baltimore to uplifting place-based reparations work by supporting organizations through narrative weaving. Building from the inspirational work of this policy incubator, we spoke with 40+ leaders in the economic policy and advocacy fields and distributed a national survey to nonprofits working on economic issues across the country to collect stories and strategies related to effective economic policy change work (Appendices C, D and E).

The nonprofits, movement leaders, think tanks, and governmental officials we spoke to for this research shared grounded and practical ideas for how 501(c)(3)s can become more effective and involved within economic policy conversations of consequence (Appendix D). Most often, interviewees described a significant gap within the economic justice policy world that separates community needs and opportunities from decision-makers and their trusted advisors, limiting the efficacy and impact of economic justice policies that ought to be supporting the economic livelihoods of communities across the country. 100% of our national survey respondents believe there is such a gap (Appendix C).



EXECUTIVE SUMMARY

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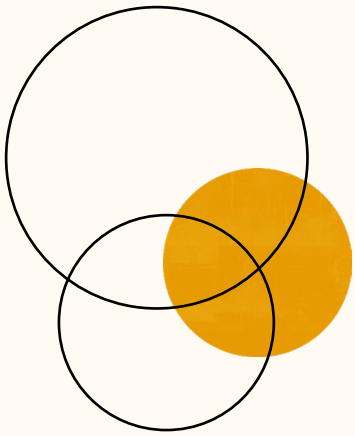
At Common Future, we've opted to name this gap the **"missing middle"** in the economic policy ecosystem to describe the **organizational and relational infrastructure gap separating communities from economic policy power.**

Nonprofit actors can be extremely effective when they step into their power as **trusted connectors** between communities and power brokers, sharing both the wisdom and experiences of the communities they represent with decision-makers and translating impactful policy change opportunities to communities. **Through our research and experience running a policy program, we've uncovered numerous ways to support 501(c)(3)s' efforts to close the missing middle. This playbook is just one resource highlighting what's already working for nonprofits on this journey.**

A lot of work is required to successfully move policy. This is especially true if the goal is transformative change, as this work requires more investment in building shared understanding of an opportunity among stakeholders. By helping 501(c)(3) nonprofits bridge this gap, groups can safely contribute to larger movements for transformative economic impact without risking their tax-exempt status.

Importantly, this work needs funding. **That's why we've created this guide to support philanthropic funders in understanding how best to support nonprofits in this way.**

For organizations at the beginning of their journey without robust funding resources, we've created a 5-step framework for developing strengths-based strategies to lean into the economic policy conversations and create a targeted policy agenda that will advance their organizational mission.



In Step 1, we provide a values-based framework for organizations to assess the potential impact(s) of engaging in policy work by reflecting on organizational values, intentions, and potential costs associated with developing a policy strategy.

In Step 2, we explore the benefits of having an expansive understanding of economic policy and offer support to develop a mission statement that is aligned with economic policy change work.

In Step 3, we highlight a number of tactics and strategies nonprofits use to successfully leverage their existing strengths to support meaningful policy change as a trusted connector. These range from strategies that leverage a nonprofit's network to strategies that center their expertise.

In Step 4, we identify policies nonprofits might be most interested in influencing, offering frameworks and resources to balance the tension between making impact in the near term with developing strategies that have the potential to bring about long-term change.

And, lastly, in Step 5, we offer tips to develop a tight policy strategy, from outlining the type of research required to develop an effective strategy roadmap to framing that may be supportive to nonprofits raising dollars from philanthropic sources.

ACKNOWLEDGMENTS

Work on this playbook was led by Common Future's Vice President of Strategic Alliances, Lauren Paul, and supported by Common Future's Director of Strategic Alliances, Roquel Crutcher.

This work was shaped, first and foremost, by the incredible nonprofits, organizations, and leaders we learned from throughout the development of this playbook. First, the members of Common Future's Policy Incubator—Roque Barros (Imperial Valley Wellness Foundation), Bree Jones (Parity), Keneshia Raymond (StartUp Tuscon), and Trevor Smith (previously Liberation Ventures, now BLIS Collective and Common Future's inaugural Futurist in Residence)—paved the path for this work by boldly leading inspiring bodies of economic policy work, often in addition to running impactful, yet stretched, organizations. Next, we are so grateful to all of the organizations who participated in our interview series (see Appendix C) and our survey (see Appendix D) for taking the time out of your busy schedules to share your wisdom with us. Nonprofits: We are inspired by the way each one of you has found ways to put powerful ideas into practice. Experts, governmental officials, and movement leaders: Thank you for connecting dots and thinking deeply about how we might be able to build more collaborative ecosystems, together.

We are deeply grateful to our advisors for your guidance, many of whom also supported us on our Policy Incubator—the program that inspired this work. Thank you Erika Weissinger (UC Berkeley), Courtney Cardin (Aura Finance), Solana Rice (Liberation in a Generation), Bulbul Gupta (Pacific Community Ventures), Denise Hearn (Columbia Center on Sustainable Investment), Kimber Lanning (Local First Arizona), Xiomara Peña (Hispanas Organized for Political Equality), Marcus Haymon (Dalberg Advisors), Natalie Self (Cortex Innovation Community), Perry Teicher (Orrick), Shalini Vajjhala (PRE Collective), and Heather Kinlaw (Inequality Media) for sharing your brilliance with us.

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ABOUT COMMON FUTURE

At Common Future, we have been supporting 501(c)(3) nonprofit organizations around economic change strategies for 23+ years. Specifically, we resource and incubate the ideas of grounded leaders in their journeys to build wealth and economic power in marginalized, Black and Indigenous-majority communities. Common Future is a platform for thought leaders and community leaders who are actively working to transform our economy.

From 2022-2023, we ran a policy incubator to support the capacity of nontraditional policy 501(c)(3)s to do more economic policy work (Appendix E). In that program, we saw firsthand how impactful nonprofits have been in developing aligned and powerful strategies to address important economic policy issues, from changing housing policy in Baltimore to uplifting place-based reparations work by supporting organizations through narrative weaving. Building from the inspirational work of this policy incubator, we spoke with 40+ leaders in the economic policy and advocacy fields and distributed a national survey to nonprofits working on economic issues across the country to collect stories and strategies related to effective economic policy change work.

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KEY TERMS USED IN THIS REPORT

BELOW, WE DEFINE COMMONLY USED TERMS IN THIS PLAYBOOK ACCORDING TO OUR RESEARCH AND UNDERSTANDING OF THESE CONCEPTS.

POLICY CHANGE

Legislative change, regulatory change, executive action, judicial decisions, or budgetary changes enacted by a publicly governed body.

ECONOMIC POLICIES

Broadly defined as inclusive of fiscal policy (government spending, taxation, etc.), monetary policy, redistributive policies, predistributive policies, and policies that govern consumption, production, and wealth (Lee, 2018; Bunker, 2015).

POLICY CHANGE WORK

This describes the suite of related activities needed to successfully shift policy. While this includes direct advocacy, our definition is not limited to this and includes work such as effective communications, relationship and power building, and sharing expertise.

THE MISSING MIDDLE

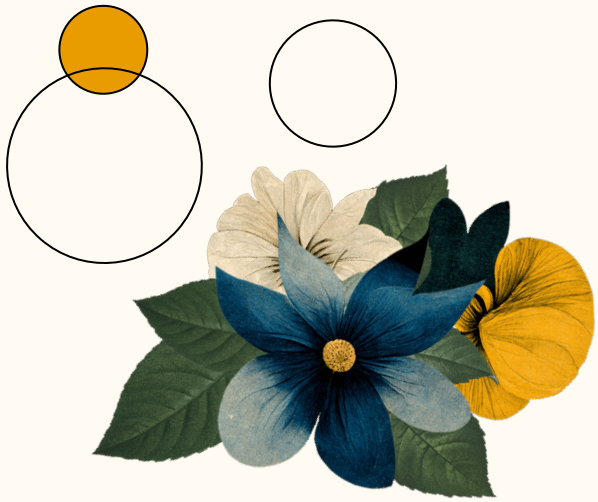
The missing middle describes the social and organizational infrastructure gap that exists between grassroots leaders with real relationships to communities and the power players that have undue influence over our economic systems.

"FREE" MARKET

A myth that our market-economy based system is free from regulation, incentives and subsidies. In recent years, Republicans and Democrats alike have agreed that this is untrue (Levitz, 2016). Modern economists understand that there is a complex interplay of market forces, government policies, and social structures in shaping economic outcomes that perpetuate inequality. All economic outcomes are ultimately the result of policy decisions.

ECONOMIC CHANGE WORK— REFERRED TO AS "ECONOMIC" WORK BROADLY IN THIS PLAYBOOK

Activities related to the development of just and fair economic systems such as work to provide key social services like housing and access to public benefits, work to serve communities by providing financial tools, work to support economic development, work to support specific identity groups in achieving economic security and belonging, and developing and deploying economic innovations.



KEY TERMS USED IN THIS REPORT

CONTINUED

A HEALTHY ECONOMY

A healthy economy is centered around people and the planet, not the belief in a "free" market or unchecked, inequitable growth as the primary measure of success. The role of economic policy should be to regulate the market and key actors, re- (and pre-) distribute resources, protect our planet, and ensure that all Americans have the opportunity to thrive.

A TRUSTED CONNECTOR

A leader that is able to represent the viewpoints of an underrepresented constituency in groups with more traditional forms of power; a role that many nonprofit leaders who are skilled at influencing economic policy play.

501(C)(3)S

Often referred to as charitable organizations, this is the designation of nonprofit we are focused on in this report, referring to the category of nonprofit organizations in the United States as designated by the Internal Revenue Service (IRS). The term "501cs" or "501(c)(3)" refers to the section of the U.S. Internal Revenue Code that provides for the exemption of nonprofit organizations from federal income tax if they meet certain criteria, including limitations on political activity. For ease of reading, we will use the term "501(c)(3)" and "nonprofit" interchangeably, acknowledging there are many other types of nonprofits beyond 501(c)(3)s.

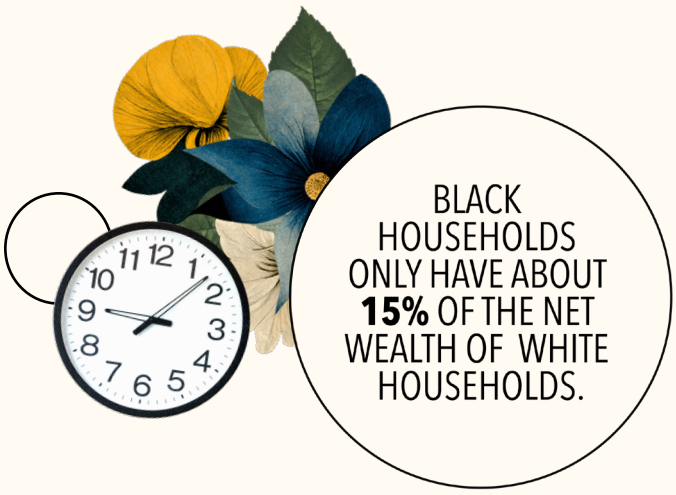


WHY NOW?

In this election year, the threat to democracy, our planet, the health of our economy and our most marginalized communities feels increasingly dire. Voter suppression efforts, gerrymandering, and the undue influence of money in politics have been eroding the trust and integrity of our electoral processes and have made it increasingly difficult for essential economic policies to take hold. Moreover, broken political feedback loops have made promising economic policies, like the Child Tax Credit, difficult to protect (Michener, 2023; The White House, 2024). Recent rulings, such as the declaration of funds earmarked for people of color as unconstitutional, underscore the fragility of progress and the urgency of action (Knox, 2023). Our communities are under attack. The outcome of our upcoming elections threatens to unwind hard-fought policies and initiatives that are only just beginning to move us forward.



Meanwhile, individuals and families across the U.S. have been experiencing worsening economic outcomes on a number of dimensions. Despite steady economic production, 63% of Americans are living paycheck to paycheck (Steele and Martin, 2023). While almost 90% of children born in the 1940s grew up to earn more than their parents, only half do today (Opportunity Insights, 2024). Wealth inequality continues to widen, especially for marginalized groups. Black households, for example, only have about 15% of the net wealth of White households (Perry et al., 2024).



But amidst these challenges lies an opportunity to reclaim our collective destiny and steer our nation toward a brighter future. Much of the work that is most needed is place-based, leveraging local talent, resources, and ingenuity to catalyze transformative change in communities that have long been overlooked and underserved (Turner et al., 2014). Moreover, given the outsized role that nonprofits play in representing and protecting community-interests, nonprofits have a highly important role in translating needs and opportunities at this highly contentious time.

The outflow of federal dollars to build infrastructure represents one of the largest acts of U.S. industrial policy in decades, and nonprofits are perfectly positioned to direct these dollars to reshape our economic landscape and empower communities from the ground up (Seydl et al., 2023). Major transformative policy proposals are gaining steam, from reparations to Baby Bonds, and nonprofits are most often the actors leading the pilot programs that have proved their efficacy (Butler, 2023; Ross, 2024). And, more and more nonprofit-led economic justice innovations, such as land trusts and land banks, are becoming more widely known and accessible, ripe for institutionalization through economic policy (Sorce and Graziani, 2022).

Though nonprofits have historically been discouraged from policy-related conversations, it is time to change that. Despite 501(c)(3) tax limitations, there are ample avenues for nonprofits to lean into essential economic policy change work, building from their existing strengths.

WHY ECONOMIC POLICY?

Economic policies define the conditions in which nonprofits work. This includes policies that set standards around wages and benefits, policies that set guardrails around housing development, and policies that incentivize or disincentivize certain types of business development (from attracting large corporate employers to supporting small businesses). At Common Future, we're particularly interested in economic justice policies that support POC and historically marginalized populations.



And yet, major banks, dominant for-profit corporations, highly connected think tanks, and these groups' advisors and lobbyists often shape and define national and state-level economic policies. These groups are not incentivized to prioritize what matters to most people: inclusive growth, accessible and empowering social services, fair markets, fair banking services, and economic security for individuals and families. Moreover, the decision-makers setting these policies are often deeply disconnected from the daily struggles faced by individuals from marginalized communities.

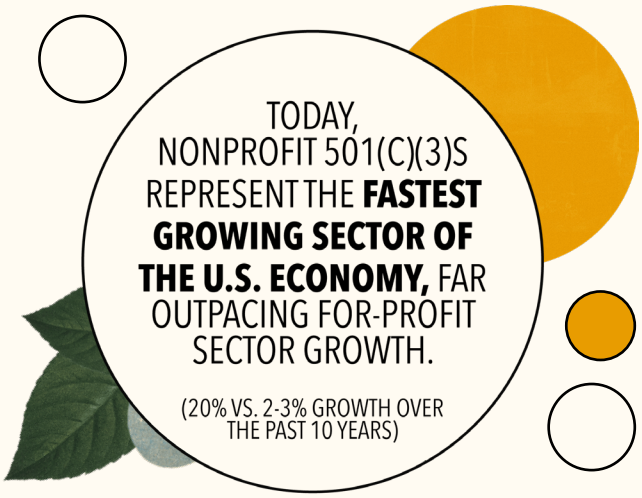
Leaders in power listen to those who wield it: the well-funded, the well-connected, and the well-organized. **Right now, we are missing significant organizational and social infrastructure to push forward more inclusive economic policies. We need more organizations pushing for more strategic and more coordinated economic policy change, at the local, state, and federal levels. Organizations like 501(c)(3) nonprofits must understand their right-sized role in relation to other actors pushing for aligned policy changes.**

A lot of work is required to successfully move policy. This is especially true if an organization is interested in economic policy change outside of the status quo, as this work requires significantly more investment in building a shared understanding of opportunity and power building among stakeholder groups. As described in the glossary above, when we refer to economic policy change work, we are referring to the suite of related activities needed to successfully shift policy. While this includes direct advocacy, our definition is not limited by this and includes work such as effective communications, relationship and power building, and sharing expertise. By growing our power, nonprofit organizations can jump into this highly contested and highly influential arena to make positive, systemic impacts on the communities we serve.



WHY 501(C)(3) NONPROFITS?

As policy decisions, such as Nixon-era "new federalism," shifted the responsibility of caring for communities from the federal government to states, our social infrastructure became deeply fragmented (Katz, 2014). This has resulted in inconsistent, place-specific social safety nets that rely heavily on private sector actors, especially 501(c)(3) nonprofits.



Of course, many groups outside of 501(c)(3) nonprofits—including labor unions, unincorporated movement groups, and some local government agencies—do fantastic work engaging constituents and representing community members for policy change. And yet, nonprofits are often the primary community-engaged organizations in cities and counties across the United States, and they often possess unique forms of expertise (Dunning, 2022). Today, nonprofit 501(c)(3)s represent the fastest growing sector of the U.S. economy, far outpacing for-profit sector growth (20% vs. 2-3% growth over the past 10 years) (Van Dam, 2023).

However, growth does not necessitate political power. Increasing rates of inequality and community needs have put strain on the sector, decreasing the capacity of nonprofit organizations to organize and join political causes (Qureshi, 2023). Black and Brown-led nonprofits do significantly more advocacy than white-led nonprofits, despite barriers (MacIndoe et al., 2023). And yet, this strain has taken a toll on POC and women-led nonprofits, in particular (Barber, 2023). Additional structural forces push nonprofits away from policy-related activities, from a lack of reliable funding for policy work to opaque laws limiting advocacy for 501(c)(3)s. Today, significantly fewer nonprofits know what advocacy activities are legally allowed compared to 20 years ago (MacIndoe et al., 2023). For more history and background on the growth of the nonprofit sector in relation to policy, see Appendix B.

This means that 501(c)(3)s are engaging in limited *economic policy work, against a backdrop of rapidly growing economic inequality*. Economic inequities lead to a myriad of problems for Americans, including difficulty affording quality healthcare, childcare, and education. **These are precisely the types of issues that nonprofit organizations are built to address, given the shortcomings of our economic policies to adequately empower and support communities' ability to thrive. This creates an unvirtuous cycle of relevance and strain on the nonprofit sector.**

WHY 501(C)(3) NONPROFITS?

(CONTINUED)

Given the essential role they have played over the past several decades, nonprofits have gained an incredible amount of knowledge around the opportunity for effective economic policy change. Nonprofits are often on the frontlines with communities, giving them the ability to spot opportunities for change and transformative impact, as well as develop expertise on important parts of our economy and social safety net. Nonprofits also have direct access to the constituents that would benefit from policy change (Michener, 2023).

Of course, there are already many effective nonprofits doing critical work on economic policy development and advocacy in the U.S. Nonprofits are already engaging in important research, advocacy and education (e.g. Americans for Financial Reform), community organizing (e.g. People's Action), legal action and accountability (e.g. Southern Poverty Law Center), media literacy and fact-checking (e.g. Protect Democracy), and civic engagement and participation (e.g. Community Change) in the name of generating more economic justice policies.

And, we know that nonprofits don't all have the same opportunities for engagement. A large body of research has found that smaller nonprofits have a much harder time engaging in advocacy, specifically (MacIndoe, 2023). Though a number of wonderful resources exist to support organizations in developing advocacy campaigns or in building effective coalitions, the barrier to entry for nonprofits to economic policy work is often too high, especially for small nonprofits serving marginalized communities (Appendix C).



A CALL TO ACTION:

5 STEPS FOR NONPROFITS TO SUPPORT POLICY CHANGE FOR ECONOMIC JUSTICE



According to a survey we deployed in March 2024, 89% of nonprofits are interested in engaging in more economic policy discussions. After speaking with 40+ leaders in the economic policy and advocacy fields (Appendix C), distributing a national survey to nonprofits working on economic issues across the country (Appendix D), and pulling lessons learned from our policy incubator program (Appendix E), we've designed this playbook around the 5 steps nonprofits can take to begin developing their policy muscles.

In the subsequent sections of this report, we will delve deeper into these steps, exploring case studies, best practices, and recommendations to empower nonprofits in their pursuit of impactful economic policy change. The 5 steps are:

STEP 1: CENTER YOUR VALUES

STEP 2: CONSIDER THE WAYS THAT YOUR MISSION CONNECTS TO POLICY

STEP 3: ASSESS YOUR EXISTING STRENGTHS AND RESOURCES

STEP 4: DEVELOP A POLICY VISION

STEP 5: BUILD A TIGHT STRATEGY



STEP 1: CENTER YOUR VALUES

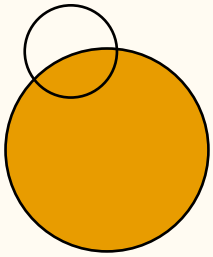
Engaging with economic policy provides nonprofits the opportunity to have outsized impacts beyond the scope of their organization, though this often means a fair amount of additional work upfront for nonprofits to prepare for those changes. As you consider how economic policy work might be strategic for your organization, we recommend engaging your staff and board in a **values assessment** (below) to support you in identifying where and how you may engage in economic policy. Centering organizational values will help ensure that your policy engagement plan is both strategic and effective.

After speaking and working with dozens of effective nonprofits working on economic policy for this report, we've identified a few themes in values that are supportive to nonprofit organizations who do economic policy work well. The most successful policy advocacy plans tend to prioritize:

A. **Practical values to ensure that economic policy work is feasible and additive to your organization;**
B. **Equity values to ensure your economic policy work is contributing to a more equitable future;**
C. **Values centered around relationships to ensure that economic policy work is building relational power, an extremely valuable type of power in the policy world; and**
D. **Impact values to ensure that new policy work will be effective at supporting the communities you serve.**

To demonstrate how an organization might engage in this sort of values reflection, we defined 5 values below, demonstrating how these values might generate questions for you to consider when you are assessing potential new economic policy work. In subsequent steps, you will have the opportunity to apply these values to potential strategies.

VALUE	DEFINITION	CONSIDERATIONS
COST–EFFECTIVENESS	The benefits justify the hard costs in both the short-term and long-term, including potential savings, additional costs that may arise over time, as well as the durability and sustainability of the outcomes achieved.	Does new policy work jeopardize my current funding? Does new policy work open doors for new funding pathways?
OUTCOME EQUITY	Prioritizes interventions that reduce felt disparities and inequalities in regards to resource allocation, opportunities, and outcomes; actively distributes power and decision-making opportunities to historically marginalized communities.	Does new policy work center the perspectives of those who have historically been silenced? Does new policy work build power and decision-making opportunities with historically marginalized communities?
LONG–TERM RELATIONSHIP BUILDING	Cultivates meaningful relationships that can lead to shared opportunities, collaboration on projects, and support in achieving common goals.	Does new policy work give us the opportunity to build long-term relationships? Does new policy work position us as a trusted advisor in the space?
LONG–TERM IMPACT	Prioritizes long-term impact that gets at the root cause of issues; involves focusing on sustainable solutions that address underlying systemic factors, rather than merely addressing symptoms or immediate consequences; tackling the fundamental causes of economic challenges.	Does new policy work give us the opportunity to prioritize addressing the root cause of an economic problem? Does new policy work allow us to develop solutions with a long-term arc of change in mind?
IMPACT PRAGMATISM	Generates high impact outputs or outcomes relative to the inputs or resources invested.	Does new policy work require minimal new inputs? Does new policy work build on our existing strengths?



In the following sections, we will present you with a number of strategies and tactics that you might consider leveraging as you consider economic policy change work. After we present you with a potential tactic, we encourage you to check the strategy or tactic against your values to assess whether or not that tactic is a good fit for your organization. Please see this **printable handout** to engage in this assessment. We encourage you to adapt this matrix to suit your needs.



STEP 2: CONSIDER THE WAYS THAT YOUR MISSION CONNECTS TO POLICY

For some organizations, there is a clear throughline to be drawn between your mission statement and economic policy change work. But, for other organizations, there may be little space for economic policy work within your mission statement.

As the nonprofit sector has grown, many of us have been encouraged by boards, funders, and consultants to refine our missions to a more narrow and specialized scope (Dunning, 2022). While this specialization is key to becoming effective at delivering within a specific part of the economic system, it can often feel limiting.

If this is the case, this may be a barrier to your ability to engage in economic policy work. When we spoke to nonprofits in our communities about this dynamic, we learned that narrow mission statements impact nonprofits' ability to engage in economic policy work, broadly (Appendix D). This finding has been corroborated by research done by Independent Sector in 2023, specifically in relation to advocacy work. According to their research, 56% of nonprofits say advocacy work, specifically, is not applicable to their mission, and 18% believe their mission discourages advocacy. On the other hand, approximately 70% of nonprofits that engage in advocacy and lobbying say their mission encourages it (MacIndoe et al., 2023).

Narrow mission statements are often born from narrow funding pressure. Many of the nonprofits we spoke to believe that if they made the jump to focus on economic policy efforts, instead of the programs that their funders support, they would not have the capital to survive. Nonprofits, especially those who serve historically marginalized communities, tend to be under-resourced, often relying on one-off program-specific gifts. This presents a notable challenge for nonprofits, while simultaneously offering a significant opportunity for funders to support organizations in their efforts to link their work to economic policy change. See our **recommendations** to funders for more tips.

70%

OF NONPROFITS THAT ENGAGE IN ADVOCACY AND LOBBYING SAY THEIR MISSION ENCOURAGES IT.

We are deeply inspired by the nonprofits who have been able to engage in economic policy change work, regardless of the barriers. We've seen nonprofits be most successful in making these adjustments to their mission statements to allow for policy-related work when they (1) begin to see themselves as part of civil society, representatives of community members, to influence the actions of elected policy-makers, and (2) see their work as part of a greater system with many interconnected partners, viewing "policy" as an important part of that system (this is often referred to as systems change thinking) (Jezard, 2018; Kania et al., 2023). To learn more about "systems change," we recommend exploring the **Water of Systems Change.**

In order for a nonprofit organization to engage with policy via a "systems change" or "civil society" lens, nonprofits may be interested in using related language in their mission statements. This often requires a high degree of commitment to making these types of impacts. **Local First Arizona** is a strong example of an organization which has very successfully made these adjustments.

ORGANIZATION HIGHLIGHT

LOCAL FIRST ARIZONA

Local First supports community and economic development in Arizona. In addition to running impactful statewide programs that support the resiliency and autonomy of Arizonans, Local First has made ample space within their mission statement to engage in economic policy in large and creative ways:

> **"We are on a mission to build equitable systems that earn hometown pride and create a vibrant, inclusive, and sustainable Arizona economy."**

By naming *systems*, Local First has given themselves permission to leverage a variety of tools, including policy change work, to achieve their systems change aims. Their goal is to influence Arizona's economy at large—not just a specific piece of economic development. This wide aperture has given Local First the space to join national tables aimed at building power between rural and tribal actors, shape federal antimonopoly policy given the negative effect of monopolies like Amazon on Arizona's small business economy, and advise the Small Business Administration on programs with a national footprint. Local First continues to attract funders that are drawn to both its effective programs and its broader systems change goals.



Kimber Lanning, Executive Director of Local First

What stands out about Local First's approach is their ability to balance impactful programs that align with funder interests while also creating room to undertake comprehensive, policy-focused initiatives. **Thinking deeply about your mission in this light can often expose a larger story, revealing solutions that would make your organization's work more efficient, easier, and more impactful.**

Much of this work is taking the time to explore the conditions that make your mission necessary. These conditions won't be the same for every nonprofit.

"In a state as polarized as Arizona, we often make the 'business case' for our work. Part of policy work is being able to anticipate where the opposition will come from and be willing and able to speak the language that will disarm them, such as identifying how the policy change will unleash economic potential."

–Kimber Lanning, Local First

If you do feel like your mission statement could be expanded to be more inclusive of economic policy change work, **we encourage you to bring this topic up with your board to assess if and how your organization might consider making changes.** You may consider sharing this playbook or related materials cited here to help you make your case.

If your current board is less supportive of connecting your work to policy change efforts, what board development strategies might you want to implement to better align? Often, **boards encourage nonprofits to be risk averse. And yet, what might be the risk of non-action?** Bringing your board along a learning journey towards systems change and policy can be very effective. You might be interested in resources such as **this SSIR article** that connects policy to systems change very well.

SHOULD YOU REVISIT YOUR MISSION STATEMENT TO GIVE YOURSELF THE SPACE TO ENGAGE IN ECONOMIC JUSTICE POLICY WORK?
YOU MIGHT CONSIDER LEVERAGING THE **ASSESSMENT TOOL** TO HELP WRAP YOUR HEAD AROUND THESE TRADE-OFFS.



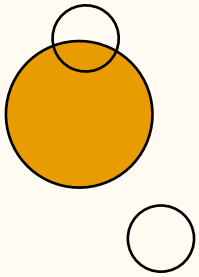
STEP 3: ASSESS YOUR EXISTING STRENGTHS AND RESOURCES

This section is designed to uplift your existing strengths and capabilities that will support your organization as you engage in economic policy conversations effectively.

The path to implementing successful policy change requires a number of skill sets and resources from advocates and organizers. Based on our independent research, over 40% of 501(c)(3) nonprofits do not know where to start if they want to enact policy change on a mission-aligned issue (Appendix C). Typically, if you're new to policy work, you may first think of skill sets and resources such as: (1) the ability to do direct advocacy, (2) knowledge about the political landscape, or (3) strong relationships with those in positions of decision-making power. Though these activities are essential, they can be difficult to do well if you're new to the space. You also need to be careful to act within the bounds of your 501(c)(3) tax limitations (Appendix A).

And yet, effective campaigners, advocates, and movement builders know that a lot more work is required to successfully move policy. This is especially true if an organization is interested in economic policy change outside of the status quo, as this work requires significantly more investment in building a shared understanding of opportunity and power building among stakeholder groups.

From our research, we've identified 3 high level strategies with accompanying tactics that are well suited for 501(c)(3)s to engage in economic policy change work:



1. CONNECTING PARTNERS AND AFFECTED POPULATIONS TO DECISION-MAKING PROCESSES

A. ***Do you have a strong network or client base?*** If so, you might want to transform that network into a constituency in support of a policy aim.

B. ***Do you have strong relationships with stakeholders who should be part of larger coalitions for change?*** If so, you might want to invite these stakeholders to an existing, effective coalition or organize to build one of your own.

C. ***Do you work directly with populations who are not civically engaged?*** If so, you might want to support these communities' ability to engage on policy issues through education and/or listening in on topics of interest.

2. SHARING EXPERTISE AND INFORMATION ABOUT THE OPPORTUNITY FOR CHANGE

A. ***Have you developed a specific type of expertise on a subject area that is ready to be institutionalized through policy changes?*** If so, you might share that perspective with other organizations or decision-makers to ensure they're educated on economic policy opportunities.

B. ***Do you have knowledge around opportunities for federal and state investment?*** If so, you might want to engage in strategies that share those opportunities with those who control this capital.

3. DESIGNING AND DEPLOYING EFFECTIVE COMMUNICATION STRATEGIES

A. ***Do you connect dots between issues to inspire others towards change?*** If so, you might consider engaging in a public conversation around a specific policy.

B. ***Do you see an opportunity to shift an entrenched narrative towards the benefit of people?*** If so, you might want to consider how to work with others to directly redirect that narrative.

In the following sections, we will discuss these tactics in more detail, pulling from lessons learned by effective nonprofits who have leveraged them. At the end of each section, we encourage you to test the tactic against your values—please see **this handout** to support you in this assessment.

STRATEGY #1:

Connect partners and affected populations to decision-making processes

As discussed in depth earlier in this report and further in Appendix B, nonprofit organizations have historically represented community interests where the government has not. Nonprofits either connect with community interests directly through their programs and services, or sometimes indirectly if they function as an intermediary. And yet, so many of the communities that nonprofits serve are disengaged from the political processes that shape their economic livelihoods. Nonprofits are often in a unique position to uplift the perspectives of their communities to shape economic policy agendas.

In this section, we highlight 3 tactics that we've seen effectively connect nonprofit partners to decision-making processes that can get at these upstream issues:



TACTIC 1A: LEVERAGE A STRONG NETWORK OR CLIENT BASE

TACTIC 1B: BUILD CROSS-SECTORAL COALITIONS

TACTIC 1C: BUILD CIVIC INFRASTRUCTURE

TACTIC 1A: LEVERAGE A STRONG NETWORK OR CLIENT BASE

One smart way we've seen nonprofits engage with communities to support economic justice policy is by converting their *clients* to *constituents*. Often, nonprofits serve a constituency with a set of needs that aren't being addressed through current policies. And, it is often rare that these constituents are provided with opportunities to contribute to economic policy formation in meaningful ways.

A number of nonprofits and movements leverage this tactic. From SaverLife to Self Help Credit Union's Center for Responsible Lending, nonprofits who have a large contact list or a particularly engaged network are extremely well suited to share these contacts with a larger movement, united around policy work. We find B Lab's work especially inspiring:

ORGANIZATION HIGHLIGHT

B Lab is a nonprofit network that is building a movement to raise the bar on what we expect and require from for-profit businesses. Since 2006, B Lab has been providing opportunities for their customers (businesses who leverage their "B Corp" certification") to engage in advocacy on a variety of issues. Famously, beginning in 2010, their network helped secure a major policy win: institutionalizing the concept of a benefit corporation, a legal status administered by your Secretary of State (or similar role in each state, province, or county) (B Lab, 2024). This status is a layer on top of the traditional corporate status, signaling higher obligations than a traditional corporation to three core tenants: purpose, accountability, and transparency. In some jurisdictions, benefit corporations may qualify for tax incentives, grants, or other governmental support designed to promote social and environmental objectives. More recently, public benefit corporations (PBCs) have been going public and performing remarkably well in the public markets, demonstrating that the structure is working. Though many in the movement believe they have much farther to go to raise the bar for business behavior, this win represents an effective strategy to build and wield power leveraging lessons learned from an effective intervention and an engaged constituency.

This strategy tends to be most effective when a nonprofit is (1) developing policy proposals and/or campaigns that are grounded in the particular needs of their constituency, and (2) in support of promising policies that have widespread data to support them.

Digging deeper, a few nonprofits told us that engaging networks at the **point of service** to assess interest and appetite for advocacy opportunities is a particularly effective way to build engagement. A number of housing service organizations have done this around housing policy in New York and California in recent years. For national nonprofits, partnering with a local group with trusted community ties is a very useful strategy to effectively engage with community members.

Opportunity Alert: Policy interventions like Universal Basic Income (UBI), Guaranteed Basic Income (GBI), and policy programs like Baby Bonds are strong examples of work that could benefit from more nonprofits engaging their constituencies in this way, given the ample data to back up their efficacy. **There is an exciting opportunity for nonprofits who are leveraging these strategies to engage their constituencies to become advocates of policy change.** As Aisha Nyandoro of Magnolia Mother's Trust in Mississippi describes it, people engaging directly with programs are perfectly positioned to be some of our strongest advocates for these exciting policies:

> **"There is a huge missed opportunity for those deploying guaranteed basic income (GBI) pilots to convert the recipients of those pilots to become advocates for GBI policies themselves. Right now, GBI advocates tend to be academics running intermediaries or operating within think tanks. We see this with the Child Tax Credit (CTC) movement as well. We need real people advocating for themselves around these policies."**
>
> **– Aisha Nyandoro of Magnolia Mother's Trust**

Groups like Magnolia Mother's Trust, Stockton SEED and UpTogether, nonprofits with strong GBI pilot programs, have found ways to do this very well. By converting program recipients into advocates of GBI, these groups have been able to shift local policy by advocating for city budgets to include GBI.

IF YOU THINK THIS TACTIC MIGHT BE A GOOD FIT FOR YOUR ORGANIZATION, YOU MAY WANT TO ASK YOURSELF:
WHAT IF YOU CONVERTED THE INDIVIDUALS, BUSINESSES, OR GROUPS YOU SERVED INTO CIVICALLY ENGAGED CONSTITUENTS FOR AN ALIGNED CAUSE?

TACTIC 1B: BUILD CROSS-SECTORAL COALITIONS

Coalition building is arguably the most effective and popular avenue for nonprofit organizations to engage in policy work. In 2022, 41.4% of all nonprofits reported belonging to a coalition, and 35% reported belonging to an association at the state and/or national level. Research suggests that one of the best ways to overcome barriers to advocacy is for nonprofits to join or form advocacy coalitions (Zhang and Guo, 2021). Nonprofit leaders like Vu Le have been calling for more coalition building and organizing for years (Le, 2019). By creating coordinated bodies of diverse stakeholders aligned for change, organizations can do much more together.

And yet, there are a number of challenges associated with coalitions. As many nonprofit leaders already know, not every coalition is particularly effective. We've heard many accounts from grassroots nonprofits that it can be difficult to know which campaign to join, and it can often feel like a *waste of time*.

THERE ARE SO MANY USEFUL RESOURCES ON HOW TO BUILD EFFECTIVE COALITIONS. *HERE ARE A FEW OF OUR FAVORITES:*

1. **This comprehensive guide centering equity from the Center on Community Resilience** is very illuminating, especially the stakeholder mapping tools at the end (pages 30-31).

2. The California Endowment has produced a **very insightful report on effective coalitions**, outlining the types of capacities every effective coalition needs. Time and time again, we heard from movement builders and nonprofit leaders that capacity is key to building effective coalitions.

3. The Grassroots Power Project has a lot of resources on how to think about transformation without losing the realities of the here and now. We love **this toolkit** on moving beyond one-off policy campaigns, defensive fights, and single elections, to challenge the deeply entrenched, racialized, gendered, and exploitative status quo.

Still, a foundational issue facing nonprofits and coalitions is the **cultural barriers that exist between movement building organizations, legacy coalitions, and nonprofits with particular forms of expertise.** Often, there are existing coalitions organized at the local, state or federal levels that are broadly aligned with the interests of your nonprofit organization, though they may see the "problem" and the "opportunity" in ways that are different from nonprofits.

From a nonprofit's perspective, it can be difficult to influence these existing coalitions, especially if you're new to policy work. As Ted Farrick shared with us when he was at the Working Families Party, there are often risks associated with new actors in coalitions. "I've seen people come with a strong stance around issues and it burns bridges," he explained.

We've also seen many nonprofits opt to start new coalitions. Still, it's important to note that while developing proposals and collecting signatures with like-minded groups can be powerful, elected officials tend to be skilled at discriminating between forms of advocacy where people are committed to change versus advocates that have broad alignment with a topic.

One major pitfall we've seen nonprofits fall into with this approach is building symbolic coalitions that prioritize purity over effectiveness.

Therefore, we suggest that nonprofits focus on building or engaging in coalitions with a wide variety of stakeholders, prioritizing effectiveness just as much as values alignment. As many leaders have told us, policy work is iterative and deeply imperfect. It is wise to come with humility in seeking out coalition partners who bring power players to the table. Coalitions need both issue area experts and organizers with know-how to get work done.

There are many effective coalitions to look to for inspiration that are rooted in the nonprofit experience, from CA Fwd and Small Business Majority. Recently, we had a front row seat to the development of an effective coalition through our Policy Incubator.

ORGANIZATION HIGHLIGHT

PARITY

Parity is an equitable development company that is on a mission to further development without displacement by reclaiming and developing vacant properties in Baltimore, Maryland. Founded and led by Bree Jones, Parity has enjoyed a lot of press recently for their innovative and creative model. Bree and her team at Parity have been on a mission to leverage this positioning, as well as their strong community and partner connections, to enact policy change in Baltimore. Bree and her colleague, Imani Yasin, recently co-built a coalition with a wide range of key partners called The Campaign for Community Control to establish a community-directed Land Bank in Baltimore. Thinking beyond the work they can do at Parity, Imani and Bree teamed up with diverse partners to propose a Land Bank (in partnership with city government) that would function like a publicly owned investment company to reclaim the 15,000 vacant properties and 15,000 vacant lots across the city, developing these places to create affordable housing rather than for-profit luxury apartments or commercial spaces. $200 million of revenue is lost each year in the city that could instead be invested in our communities, so they see this is a lucrative investment for Baltimore. This work is in addition to other effective policy-related efforts Bree and Imani have led within the city. We love how Parity brought together key partners to demand larger dollar shifts to support communities to find safe and affordable housing.



Bree Jones, Founder of Parity

A note on funding: Sometimes, there are funders who tend to fund similar policy initiatives across states, like Robert Wood Johnson (RWJ) around caregiving policy. We encourage you to keep your eyes and ears out for these sorts of funding opportunities. However, we understand that these funds tend to be few and far between, presenting a major opportunity for foundations to be supportive to these efforts.

IF YOU THINK THIS TACTIC MIGHT BE A GOOD FIT FOR YOUR ORGANIZATION, YOU MAY WANT TO ASK YOURSELF:
WHO MIGHT YOU WORK WITH IN COALITION TO ACHIEVE BROADER IMPACT?

TACTIC 1C: BUILD POWER AND CIVIC INFRASTRUCTURE

"When your community hasn't been heard for a long time, people start to wonder if their voice even matters. Our role is to build confidence with our community partners. And, on the other side, we help decision-makers listen more expansively."

– Shalini Vajjhala, Founder and Executive Director of PRE Collective

One of the greatest opportunities for nonprofit organizations to engage on economic policy issues is by providing underserved or ignored constituencies with the opportunity to get their voice heard. Studies have shown that higher rates of nonprofit density, meaning the number of nonprofits located in a geographic area, is associated with higher rates of civic action (Sampson et al., 2005). Nonprofit organizations have a major opportunity to play a vital role in civic engagement by mobilizing their resources, expertise, and networks to support community development and social justice.

There are a number of effective nonprofits who are bringing underserved groups into the economic policy process, such as who identifies gaps, needs, priorities, and potential solutions to economic development problems by deeply engaging community stakeholders. Other nonprofits, like the Pacific Institute for Community Organizations, have opted to focus on "Get out the Vote" (GOTV) initiatives. Though this work isn't supporting economic policy directly, it is worth considering this tactic given the barriers to civic participation in communities that would benefit from certain economic justice policies. If you decide to engage in GOTV work, be mindful not to endorse a specific candidate (see Appendix A for more details).

One of our favorite examples of deep community engagement to build civic infrastructure comes from our Policy Incubator.

ORGANIZATION HIGHLIGHT

Imperial Valley WELLNESS FOUNDATION

The Imperial Valley Wellness Foundation serves as a grantmaker and Rural Development Hub in the Imperial Valley located at the U.S./Mexico border in southern California. The area is rich in agriculture and in renewable energy resources. Roque Barros, the Executive Director of the Foundation, describes the area as "resource rich yet challenged with health disparities and poverty." More recently, many have referred to the region as "Lithium Valley" for its significant lithium reserves which play a crucial role in various industries, including electric vehicles.

Continued on the next page

Though Roque Barros once left the Valley to promote community building work nationally, including leading the Ford Institute for Community Building, Roque has returned to the Valley to engage his community in transformative change. Over the past few decades, Roque has run hundreds of "learning exchanges," a community organizing structure that allows various stakeholder groups to come together to listen, learn and connect. In many ways, Roque's learning exchanges are the **"deep canvassing"** equivalent for community organizing and engagement–they focus on extended conversation, look for opportunities to seed curiosity, and build trust between participants. Roque focuses on making engagements safe and supportive for people to participate and says that he spends a lot of time validating folks' experiences, not typically the focus of a policy "roundtable". Roque knows that typical "policy" related conversations often do not start where members of the community are and he's on a mission to change that. Though impacts aren't always immediate, they are profound. When running an exchange around a major economic development project, Roque was able to focus the conversations on the perspectives of disinvested neighborhoods and create a resident ownership structure to build individual wealth within a $25 million commercial development project.



Roque Barros
Executive
Director of
The Imperial
Valley Wellness
Foundation

This strategy relies on Roque's ability to be seen as a trusted connector between the citizens of the Imperial Valley and the other stakeholders he brings into these learning exchanges.

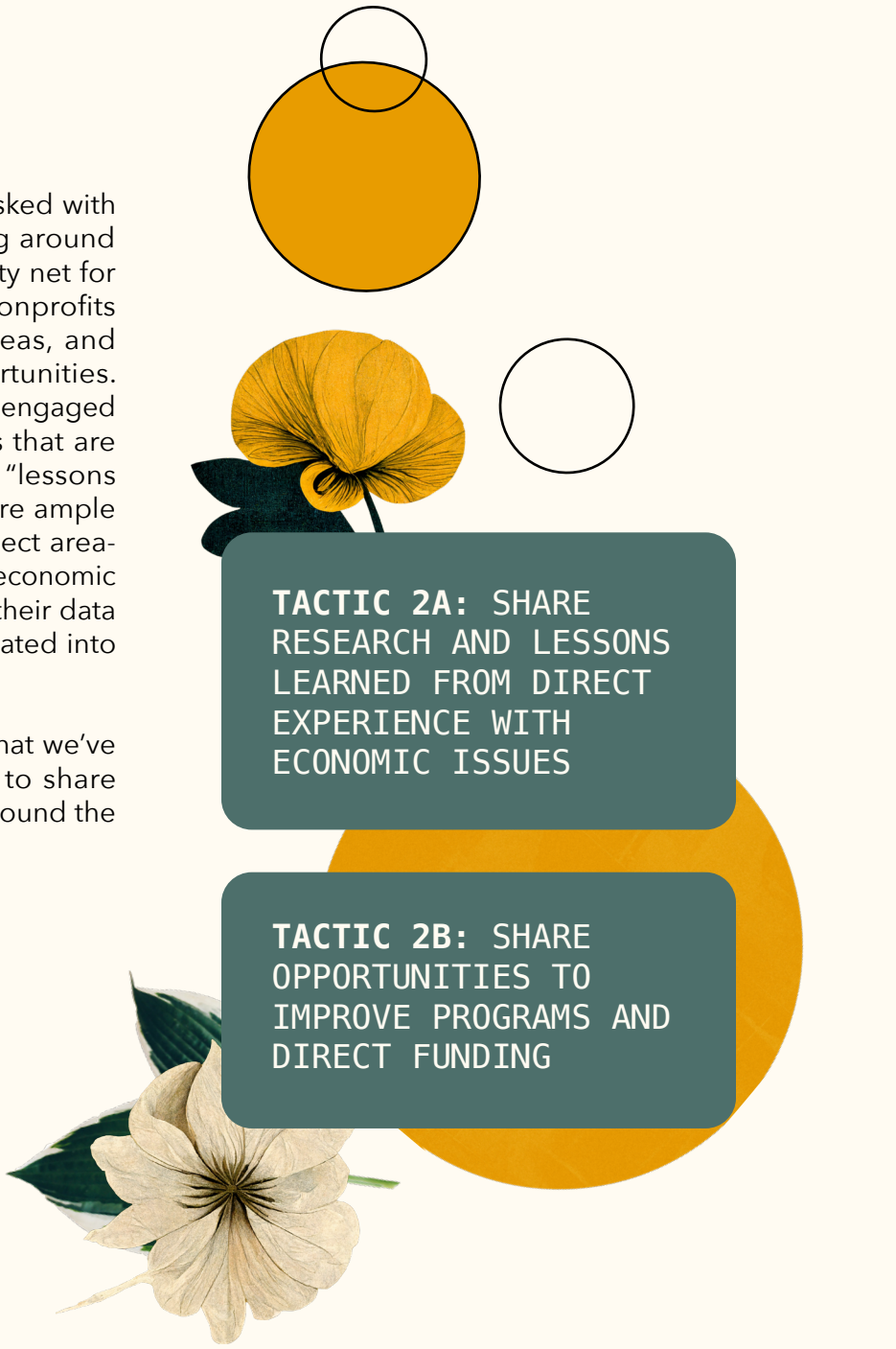
IF YOU THINK THIS TACTIC MIGHT BE A GOOD FIT FOR YOUR ORGANIZATION, YOU MAY WANT TO ASK YOURSELF:
HOW MIGHT YOU ENGAGE WITH THE BENEFICIARIES OF YOUR NONPROFIT TO SUPPORT CIVIC ENGAGEMENT?

Strategy #2:

Share expertise and information around the opportunity for change

Nonprofit organizations have been tasked with building, maintaining, and innovating around our nation's social and economic safety net for decades. Given this rich expertise, nonprofits often have solution sets, brilliant ideas, and knowledge around investable opportunities. And yet, we consistently see that policy-engaged groups organize around policy ideas that are disconnected from the findings and "lessons learned" of nonprofit experts. There are ample opportunities for nonprofits with subject area-expertise to become more engaged in economic policy-related activities to ensure that their data and "lessons learned" are being translated into scalable impacts.

In this section, we highlight 2 tactics that we've seen nonprofits effectively leverage to share their expertise with decision-makers around the opportunity for change:



TACTIC 2A: SHARE RESEARCH AND LESSONS LEARNED FROM DIRECT EXPERIENCE WITH ECONOMIC ISSUES

TACTIC 2B: SHARE OPPORTUNITIES TO IMPROVE PROGRAMS AND DIRECT FUNDING

TACTIC 2A: SHARE RESEARCH AND LESSONS LEARNED FROM YOUR DIRECT EXPERIENCE WITH ECONOMIC ISSUES

Nonprofit organizations across the nation are testing and growing approaches to solve entrenched issues related to our economic systems and building economic power in marginalized communities. And yet, the lessons learned from these approaches often remain trapped within the boundaries of nonprofit organizations. In order to break these cycles, nonprofits must learn to effectively distill their expertise and translate their insights to the appropriate decision-makers.

Often, nonprofits find it easiest to partner with others who are able to support them in this process. Unfortunately, we've noticed a major gap in the field between cash-strapped nonprofits and groups who can help nonprofits make the most out of their lessons learned. Most think tanks who could provide this expertise are prohibitively expensive.

Fortunately, there are some groups providing support or connections to such support. The **Scholars Strategy Network (SSN)** is doing effective work in this regard. As a national membership organization of 800 researchers in 47 states, their network can support nonprofits in translating lessons learned to actionable policy proposals. Media outlets can also play a supportive role to nonprofits in showcasing the meaning of their work. **Next City** does a very effective job featuring organizations who are developing promising approaches.

We've also seen a number of nonprofits find time to engage in effective economic policy work by translating their lessons learned themselves. One particularly exciting arena where we're seeing nonprofit innovation translate to effective policies is within the access to capital space, particularly within certain Community Development Financial Institutions (CDFIs) who are working to ensure that the financial system works for all (Kogut et al., 2012). **Pacific Community Ventures** has done a very effective job at sharing their expertise.

ORGANIZATION HIGHLIGHT

Pacific Community Ventures

Pacific Community Ventures (PCV) is a CDFI lending institution designed to provide investment capital to underserved small business owners, though it doesn't only see itself that way. PCV's mission is to support small business owners and their communities in the fight for economic, racial, and gender justice. Working side-by-side with growing small business leaders and solopreneurs through their integrated model, PCV leverages lessons learned from their **Restorative Capital** investments in small business and their Pro Bono Business Advising through their **Good Jobs Innovation Lab** to inform their policy work. Bulbul Gupta, President and CEO, is consistently educating policy decision-makers in Washington on topics like economic risk and informing key policies (such as **reforming the Community Reinvestment Act**) to ensure that PCV's work is translating into improved equity-centric policy, for the sake of a more inclusive economy for all in America.



Bulbul Gupta, President and CEO of Pacific Community Ventures

In order to be effective, groups who are interested in sharing their expertise in this way need to (1) figure out the best way to distill their expertise into translatable materials, and (2) be in relationship with decision-makers, either directly or via an effective translator.

Bulbul Gupta, referenced above for her work leading PCV, leverages her professional background and experiences working on Capitol Hill in Washington, D.C. to know the ins and outs of the policy process. Because of these experiences, Bulbul knows how to be an effective translator. For example, she knows how important it is to follow legislation and be there in the last mile of when proposed legislation is close to being passed, to ensure the policy is implemented correctly.

Given skills and capacity limitations, it is often most effective for nonprofits to build partnerships with organizations or lobbying groups who understand these intricacies, so that you can be sure that your recommendations are getting heard.

IF YOU THINK THIS TACTIC MIGHT BE A GOOD FIT FOR YOUR ORGANIZATION, YOU MAY WANT TO ASK YOURSELF:

HOW MIGHT YOU TRANSLATE YOUR EXPERTISE ON AN ECONOMIC SUBJECT TO POLICY? HOW CAN YOU EDUCATE DECISION-MAKERS TO SHAPE POLICIES THAT WILL HAVE A WIDE-SCALE IMPACT ON THE COMMUNITIES YOU SERVE?

TACTIC 2B: SHARE OPPORTUNITIES TO IMPROVE PROGRAMS AND DIRECT FUNDING

As of 2024, the Biden-Harris administration has passed a few large legislative packages—the Infrastructure Investment and Jobs Act, the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act, and the Inflation Reduction Act. There are also still remaining flexible state and local funds included in the American Rescue Plan Act (Dubb, 2022).

These funding bills also provide a massive opportunity for nonprofits to shape our social and economic landscapes. The infrastructure and IRA bills alone contain 163 new programs with more than $300 billion in funding (Brachman, 2022). And yet, many are worried that these dollars won't flow to those who need them most. As Pronita Gupta and Justin Maxon shared in **this NPQ piece in 2023**, there are major challenges that need to be addressed to help communities access these federal resources, including the fact that (1) the number and nature of federal implementation opportunities are overwhelming, (2) many local governments and community-based organizations do not have the expertise, experience, or capacity they need to capture and/or use these resources without assistance, and (3) there is a low overall commitment to equity by state and local administrators (Gupta and Maxson, 2023).

Across the country, nonprofits have stepped in to support localities and states to direct the flow of these dollars to ensure that they are reaching those who will benefit from them most. If your nonprofit either (1) wants access to federal funds because you would use these dollars well, or (2) knows nonprofits who would use these dollars well, then you might want to lean deeper into this space.

There are a number of nonprofits who have been able to be successful in sharing opportunities for impact with decision-makers around the flow of capital, such as the **Our Dollars Our Dreams** project out of **Southern Economic Advancement Project (SEAP)** and **Resource Rural's work** with Native nations and rural communities. One group who has been particularly effective in supporting nonprofits at the local level is **BioSTL.**

ORGANIZATION HIGHLIGHT

BIOSTL
DRIVING ST. LOUIS INNOVATION

BioSTL has laid the foundation for St. Louis, Missouri's innovation economy by becoming a hub to deploy federal economic development dollars to nonprofits across the region. By leveraging federal and state lobbyists and building strong relationships across the aisle, they have been able to win **grant** after **grant.** One thing we love about BioSTL's work is how partnered and values-aligned their approach is. BioSTL understands what it looks like to build effective coalitions with communities, partner with elected officials, and creatively connect the priorities articulated in a federal program to the needs of the communities that they represent. Their staff is filled with "trusted connectors," playing the insider game needed to secure dollars while translating this to communities, then passing them along to on-the-ground organizations doing economic justice work in innovation and entrepreneurship spaces.

It is important to note that this approach is best suited for those groups who feel like they could benefit from the windfall of federal funding. Nonprofits may choose to become a hub, like BioSTL, or partner with a hub in your region. However, nonprofits should recognize that this strategy requires organizations to play the game of federal and state funding, which requires significant capacity investments. The best way to secure dollars is to solve elected officials' problems, so that these officials will advocate for your organization from within the system. This is not an arena of policy that is ripe for making systemic changes in the near future. However, in the medium- and long-term, there are some really powerful plays to be made to educate policymakers around process and outcomes equity and build shared back-office infrastructure to support nonprofits in receiving, processing, and reporting on these grants.

If you're interested in this work, it can be helpful to leverage outside expertise to better understand how to navigate these complexities. At Common Future, we've worked with Natalie Self and Justin Raymundo who provide consulting services to nonprofits across the country. Contact **nataliemself@gmail.com** for inquiries.

IF YOU THINK THIS TACTIC MIGHT BE A GOOD FIT FOR YOUR ORGANIZATION, YOU MAY WANT TO ASK YOURSELF:

HOW MIGHT YOU WORK IN COALITION WITH OTHERS TO ATTRACT FEDERAL AND STATE FUNDING DOLLARS TO QUALIFIED NONPROFITS YOU KNOW?

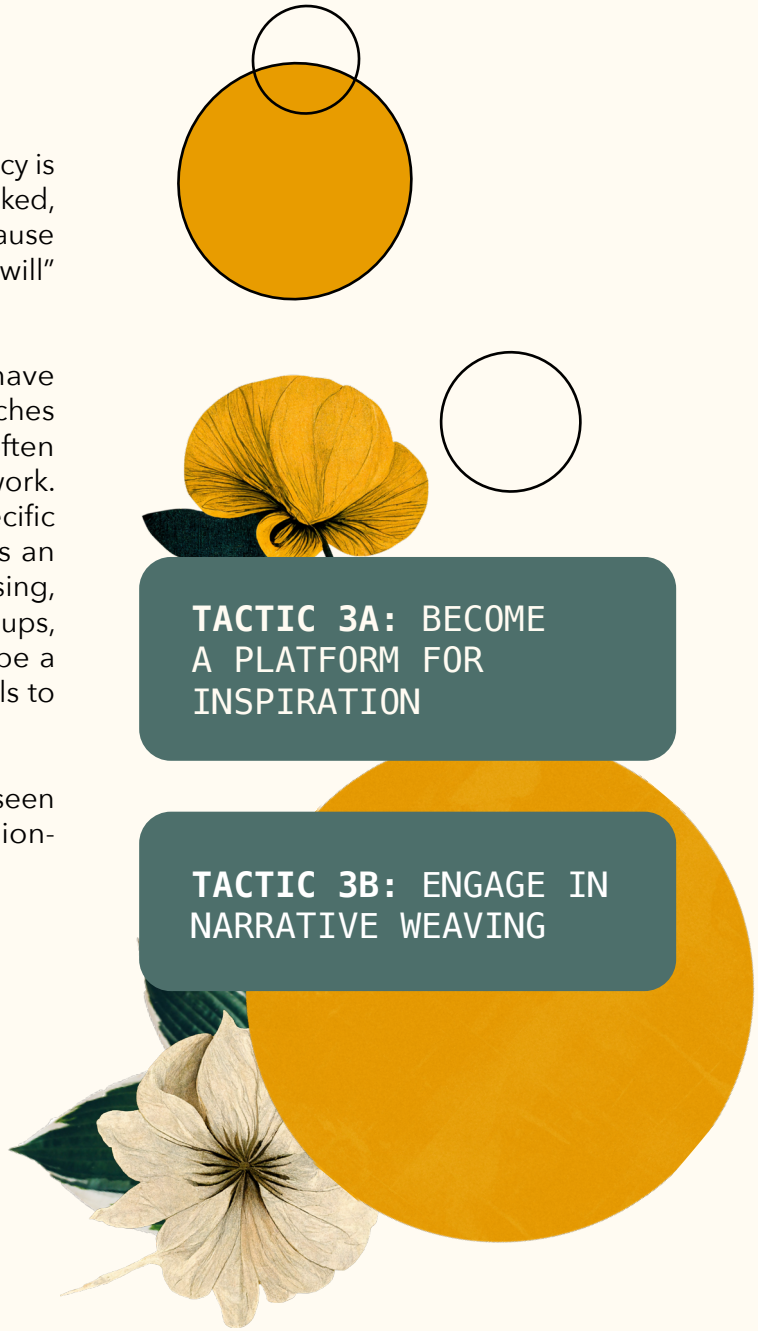
Strategy #3:

Design and Deploy Effective Communication Strategies

So much of what goes into effective policy advocacy is casemaking. Time and time again, we see data-backed, no-nonsense policies fail to be implemented because they lack the political backing and the political "will" to pass or be effectively implemented.

Outside of the policy arena, most nonprofits have likely tested a number of "casemaking" approaches around their work to bring key stakeholders, often funders, along to understand and support their work. In this way, many nonprofits have developed specific skill sets around casemaking. If you identify as an organization who is particularly good at fundraising, communicating with your primary stakeholder groups, or building a social media presence, you may be a good fit for deploying these communication skills to support aligned economic policy changes.

In this section, we highlight 2 tactics that we've seen effectively connect nonprofit partners to decision-making processes:



TACTIC 3A: BECOME A PLATFORM FOR INSPIRATION

TACTIC 3B: ENGAGE IN NARRATIVE WEAVING

TACTIC 3A: BECOME A PLATFORM FOR INSPIRATION

Are you particularly passionate about an economic policy issue that doesn't have significant public support? Are you able to connect dots between problems and opportunities for change that others find meaningful?

There is a major opportunity for nonprofits to engage in political education with their networks. So many issues that are enormously popular with the public (like taxing rich people) have surprisingly little backing from organized policy coalitions. Nonprofits have a major opportunity to bridge that communication and power gap.

In order to shift conversations and inspire organizers to think about these issues more expansively, nonprofits have the exciting opportunity to become a platform for inspiration. There are a number of nonprofits to look to for inspiration around effective communications for economic policy changes. **Liberation in a Generation** is one such organization.

ORGANIZATION HIGHLIGHT

Liberation in a Generation is a national movement-support organization working to dismantle economic oppression, secure power for people of color, and set a clear policy pathway towards economic liberation for historically oppressed communities. We love that their messaging reminds folks that high aspirations (like "liberation" for communities of color) is possible, even within one generation. Founded in 2019 and incubated at PolicyLink for a time, the organization supports organizers with research, narrative, and analysis to advance their campaigns for transforming how the economy works and who it benefits. Solana Rice, co-founder and Executive Director, often encourages change-makers to tell the story of where we're going, not only where we are, to help decision-makers stretch beyond their current reality to imagine what's possible. Weaving storytelling, framing and messaging into a larger project of worldview building is essential for communicating possibility. Communicators have a significant opportunity to shape conversations by setting a higher bar for what is possible. Liberation in a Generation always asks themselves: *"What is the worldview that we're building and dismantling?"*



Solana Rice, co-founder and Executive Director of Liberation in a Generation

There is so much work to be done to help our communities see what could be possible. For example, if you're interested in equitable economic development, you may be aware of a specific monopoly or oligopoly in your region (or a region you serve) that is negatively impacting communities. Perhaps this is a healthcare organization who dominates your local economy by providing low quality jobs, a private equity firm who has bought up property to build unused luxury housing, or maybe it's Amazon who is wiping out small manufacturers through manipulative business practices. Fortunately, there is increasing federal and state interest in breaking up monopolies, creating the conditions for fairer economic development in regions across the country. *What if you were able to educate your networks about these issues, so they were able to demand policy changes for themselves?*

It's also important to note that a large part of effective communications is consistent messaging. Some organizations, like **Economic Security Project**, are known for their **consistent newsletters**, **op eds**, and **conferences** that position them very well to push economic policy conversations (such as Universal Basic Income and anti-monopoly) forward.

And, as Solana of Liberation in a Generation **explained to us**, changing decision-makers "hearts and minds" through effective communication isn't always enough.

We also need to pair this work with specific, grounded policy asks. If you're able to, pairing inspirational messaging with a targeted campaign around a policy issue can be extraordinarily effective. There are a number of very useful online resources to support you with designing a campaign, like **this one** from the public health world. **And, we also encourage nonprofits to consider partnering with organizations who are equipped to run these sorts of campaigns. Being an effective communications partner is an important piece of the policy change puzzle.**

IF YOU THINK THIS TACTIC MIGHT BE A GOOD FIT FOR YOUR ORGANIZATION, YOU MAY WANT TO ASK YOURSELF:
HOW MIGHT YOU LEVERAGE YOUR STRONG COMMUNICATION SKILLS TO SUPPORT YOUR AUDIENCES IN UNDERSTANDING AN ECONOMIC POLICY ISSUE?

TACTIC 3B: ENGAGE IN NARRATIVE CHANGE WORK

If you're already engaging in strategic communications and are interested in doing more, you may already be privy to (or part of) the recent buzz around narrative change work (Hovland, 2022). There are many definitions of the word "narrative," but we love the definition used by our friends at **Liberation Ventures:** *"Narratives are the collection of stories we tell each other, rooted in shared values and common themes that uphold a particular frame or worldview."* **Narrative change work** describes the work that needs to be done to shift these stories towards a world view (in our case, a world view that is more supportive of real people).

Narratives often shape the challenges so many of us face at nonprofits. For example, the narrative that a person in poverty can "pull themselves up by their bootstraps," grounded in values like "rugged individualism," has dominated American culture since settlers first colonized this land.

And, it is possible to seed more helpful narratives that support the flourishing of communities. One approach that we find extraordinarily powerful for nonprofits to engage in is building "narrative power," the ability for a collective to tell stories that shift the mental models and cultural mindsets that define our cultural norms. **Liberation Ventures** is pushing communications in this exciting way.

ORGANIZATION HIGHLIGHT

Liberation Ventures is building a multiracial democracy by supporting reparations for Black people in the United States. In addition to mobilizing resources for organizations working on reparations for Black people, Liberation Ventures also engages in what they call "narrative change" work for reparations. In order to build demand for reparations and clarity around why they believe this work is essential, Liberation Ventures built a **Reparations Narrative Lab**. Through our policy incubator, we supported Trevor Smith in building this work, which involved organizing a founding cohort of 13 members representing some of the most important thinking on Black reparations over the last 50 years. According to Trevor,

"Narratives move people, and people move policy."



Trevor Smith, Co-Founder of BLIS, Former Director of Narrative Change at Liberation Ventures

Through the Lab, we supported Trevor in creating **a guide to narrative change work** to support those fighting for reparations and understanding how to seed more supportive narratives. We highly encourage you to check it out if you're interested in deploying narrative change strategies. Trevor Smith was formerly Director of Narrative Change at Liberation Ventures and now is Co-Founder of the BLIS Collective and Common Future's inaugural Futurist in Residence.

IF YOU THINK THIS TACTIC MIGHT BE A GOOD FIT FOR YOUR ORGANIZATION, YOU MAY WANT TO ASK YOURSELF:
HOW MIGHT YOU WORK WITH YOUR NETWORK TO ALIGN AROUND A SHARED NARRATIVE?

Building up an economic policy strategy from your strengths will help you identify promising opportunities for engagement. In the next few sections of this report, we'll talk about how nonprofits can choose which policies to engage with for change and develop action plans to put this work into practice. As you consider these opportunities, remember to play to your strengths!



STEP #4: DEVELOP A POLICY VISION

By now, you probably have a few ideas of how you might like to (further) engage in policy. For example, you might have identified the opportunity to educate policymakers around the topics you know most about. But what recommendations might you share with a policymaker, specifically?

It can be a challenge to decide which policies and opportunities to engage with, given the vast amount of work that needs to be done and the opaque nature of the policy and advocacy fields. Fortunately, there are resources you can access and relationships you can develop to help you gain the information you need to be successful (more on that in Step 5).

And, access to information isn't the only barrier we've seen nonprofits face when developing economic policy strategies. After working with dozens of nonprofit organizations at Common Future we've identified a common tension organizations face when considering economic policy work: **Balancing the need to create real change right now and the need to build better economic systems for tomorrow.**

We need both types of changes to happen. And yet, it's important to recognize that groups tend to prioritize focusing on immediate impacts over longer-term changes. After speaking with a number of expert movement leaders to develop this playbook, we learned that the movement organizing space feels this tension as well. Organizers, especially those serving populations with limited resources, tend to prioritize policies that will support communities right now. Often, winning large-scale changes over a longer-term horizon feel so unfeasible that this type of work isn't always worth considering.

Still, after speaking with dozens of nonprofit organizations to develop this playbook (in addition to working with hundreds of nonprofits through our incubation programs over the past two decades), we've heard nonprofits consistently express a desire to work more collaboratively with other organizations in their field and have the space to do work over a longer time horizon. **Nonprofit leaders know that in order to address big problems, we need to be more collaborative over the long-term, appreciating the iterative nature of the policy change process.**

Despite the widespread lack of support from philanthropy for this long term thinking (providing yet another great opportunity for increased engagement philanthropy), a number of nonprofits have found ways to balance these tensions. **UpTogether** is a standout example of a nonprofit who is particularly skilled at navigating both the short- and long-term.

ORGANIZATION HIGHLIGHT

UpTogether was founded as Family Independence Initiative (FII) in Oakland, California in 2001 after its founder saw firsthand the faults of the United States social services system. Noticing that the same families cycle in and out of social service agencies, UpTogether recognized that the financial resources designed to support these families did nothing to build their economic or social mobility. Today, UpTogether invests in people in historically undervalued communities by providing families unrestricted cash transfers, amplifying their true lived experiences and working together to influence policies and mobilize for systems change. Ultimately, UpTogether strives to shift public policies to make public benefit programs and public dollars less restrictive so that all people in the United States are seen and invested in for their strengths and are able to build power, reinforce their autonomy, and drive their own economic and social mobility. By working with city officials, UpTogether has seen firsthand that public budgets are not nearly as set in stone as many believe them to be. **When UpTogether has been most successful in creating policy shifts over the short-term, they're working to shift broadly defined economic development dollars into unrestricted cash transfers.** They've been very successful doing this in Austin, Texas, through "family stabilization grants." **However, they see ample opportunity to shift federal programs, like the Temporary Assistance for Needy Families (TANF) program, in the long-term.** If the group and its partners were able to shift TANF policy, the ripple effects could stretch much wider, given that this is a federal program. And yet, it is really complicated to make these changes. So, their policy team thoughtfully works through these opportunities on a case by case basis to determine the best way to leverage their limited policy resources.

There are lots of resources you can use to help you identify which policies you might be interested in engaging around. Some of our favorites include:

- We love the breadth and scale of the proposals included in **Well Being in the Nation's Equity Economic Policy Database**
- The Economic Opportunity Funder's **Framework for a More Equitable Future** provides a great template to think about economic policy
- **This piece** on where economic justice policy needs to go from Roosevelt is very illuminating
- **Demos' Power Agenda**
- **The Black Economic Alliance's Policy Agenda**

It's also worth noting that knowledge can yield power. Learning how the economy works can often help nonprofit leaders think more expansively about what types of economic policy changes may be worthwhile. If you're interested in learning more about the economy and transformative policy changes, you may be interested in the following resources:

- Economics for Emancipation
- Any of the materials on the Transform Finance's website
- Specific transformative policies: Universal Basic Income (UBI), Baby Bonds, and reparations
- Common Future and Liberation in a Generation's co-created framework, Radical Pragmatism, designed to support leaders in thinking through how to balance big economic visioning with pragmatism

As you consider what level of policy change feels right for you, you may want to ask yourself the following questions:

- **Are you forced to work on a certain part of "the problem" to satisfy funders' or other stakeholders' interests, even though you know the "root cause" of that problem is going unaddressed?** If you're interested in going deeper, you might be interested in policies that are less related to a specific program and more related to laws or policies that cause the problem in the first place.
- **Do more accessible dollars need to be directed to programs like yours?** If so, you might be interested in policy changes that expand access.
- **If your constituents had access to reliable and comprehensive public programs, would your work be easier?** If so, you might be interested in advocacy around reimagining public benefits.
- **Is there an entity in your space (a private equity firm, a financial lender, a healthcare monopoly, or a large corporation) that needs to be controlled?** If so, you might be interested in policy changes that are focused on regulation.



STEP #5: BUILD A TIGHT STRATEGY

Though expansive thinking is very useful towards developing a policy vision, the most effective policy change strategies tend to have tight implementation plans. In this last section, we offer you a few tips as you engage in your journey towards implementation.

Tip #1: Do your research, especially on the players in your economic policy field

If you're new-ish and growing in the economic policy world, it is imperative to spend significant time learning about the opportunity for impact. Whether or not you decide to focus on the near- or long-term, we encourage you to ask yourself: What opportunities exist to make an impact? Is there a need for a new policy? Do changes need to be made to an existing policy? Do dimensions of a proposed policy need to be addressed? What gaps exist in the conversation around a specific policy issue or set of issues?

By considering your specific organizational strengths, you can best match how your contributions can be additive to a policy change opportunity *right now*.

And, just as importantly, it is imperative to do research around the constellation of actors who are already working on similar issues. **Policy work, like all work, is deeply relational.** So, nonprofits must take the time to better understand the stakeholders who intersect with their policy arena. What events might you attend to better understand how these actors move? What meetings can you arrange? What boards can you serve on to build bridges between your organization and those in power?

For example, if you're interested in doing communications around Baby Bonds, how might you coordinate with existing organizations who are doing these communications? Or, if you're interested in changing state tax policy, how might you learn what existing advocates are doing around these issues?

You may be interested in exploring **case making strategies** to showcase the opportunity and forecasted positive impact of a specific policy. The most effective plans we've seen work to find alignment between stakeholder groups, including policy decision-makers.

Tip #2: Decide who you want at the table

Our voices are louder together. Often, it can be very strategic to develop your policy priorities and/or strategy in community with key stakeholder groups. Involving others in your strategy design process can also result in a larger number of advocates and supporters for whatever your strategy becomes. This might look like developing an advisory body to shape a communications strategy, a partnership with an existing policy organizer who can open doors for you, or a larger scale engagement with community stakeholders.

There are a number of groups to look to for inspirations around this. We find **WEPOWER's** work especially inspiring.

ORGANIZATION HIGHLIGHT

WEPOWER builds community wealth in St. Louis by focusing on systems change. Through their Community Wealth Action Group, they are leveraging a community design process to develop solutions to be advanced as policies and pilots. Oftentimes, nonprofits will invite a few constituents to a table when developing policy-related strategies. However, WEPOWER has made it a priority to center historically marginalized groups, their core constituents, in their policy design process. Their multi-step process includes workshops focused on introducing systems change, co-defining the problems facing their communities in various domains of the economy, learning from guest experts doing related work across the country, ideating solutions, and reviewing research related to those solutions to hone in on what to prioritize. They leveraged a similar approach around the early education system a few years ago. From that work, they were able to secure the first ever public funding in St. Louis for early education through property tax funding.

It's worth noting that approaches like WEPOWER's are time consuming and not necessarily a good fit for every nonprofit. Regardless of the approach you choose, we see immense value in setting this table with intention, challenging traditional power dynamics and creating space for underrepresented voices to inform your strategic priorities.

Tip #3: Be ready for your moment

"Develop alternatives...keep them alive until the politically impossible becomes the politically inevitable."

– Milton Friedman

So much about winning on economic policy change is about timing and moments. When speaking with movement leaders and policy experts, we were reminded time and time again how much of the economic policy playing field is outside of our control. And yet, when an opportunity for change arises, it often comes suddenly and passes quickly. Those who are at the ready tend to be the most successful in getting their policy changes passed. This means having your coalition, constituency, and ask ready to go when the time is right. Patience can mean everything.

This advice holds true even if you're not engaging in direct advocacy around a singular issue. If you're engaging in strategic communications around a policy topic area, for example, connecting your area of interest to a news headline is an effective way to get your message heard.

Tip #4: Refine your strategy

The most effective nonprofits tend to have tight, focused and highly strategic plans for operationalizing their policy change. One nonprofit leader told us,

"We could easily…spend all of our time commenting on upcoming regulations…now, we're asking ourselves, how do we ground this in an organizational strategy and vision to help us best allocate our time and resources?"

– Theresa Rinne-Meyers

In order to apply strategy, you may want to consider developing a theory of change (ToC) around policy work. Beyond mission alignment (as discussed in Step #1), it is extraordinarily useful to develop a plan for how your work fits together. You may be interested in working with outside groups like Onside Partners who can help with developing these strategies.

Importantly, when developing a plan, you also will need to consider who on your team is going to be moving this work forward. One of the most common questions that we're asked at Common Future when discussing policy strategies with nonprofits leaders is, "Do I need a policy director?" To us, the answer depends on your strategy.

Rather than hiring a policy director and then coming up with a policy strategy that sits on the edge of your organization, we encourage you to consider how you can embed this strategy within the fabric of your organization and work backwards from there.

Tip #5: Define how you will track progress

It is famously difficult to track progress in the policy advocacy world. Measuring impact, especially around things like relationship building, can be extremely difficult to nail down.

Moreover, the burden of developing, deploying, and tracking strategies oftentimes fall on a singular nonprofit, creating a high burden for groups to engage. And, being one organization in a larger constellation of actors working on shared policy goals can make it difficult to track your specific contribution to a change strategy.

The best resource we've come across is Julia Kauffman's guide on **advocacy planning.** We really appreciate the breadth of terms in her logic model, acknowledging the vast array of inputs that go into successful policy change efforts.

We encourage you to (1) consider how to track the impacts of your specific contribution, and (2) consider how you might be able to co-develop tracking plans to measure overall success in tandem with organizations working on the same issue.

Tip #6: Build a fundraising plan

As we've named a number of times throughout this playbook, one of the greatest barriers we see to nonprofits building effective economic policy change strategies is the lack of funding to support these efforts, which is why we've created **this guide** for philanthropic funders to lend their support.

In the meantime, there are a number of creative ways you might consider getting this work funded. The most supportive way to fund this work is to raise and leverage general operating dollars. Thanks to influences like MacKenzie Scott, more and more funders are giving unrestricted dollars. However, many nonprofits, especially small nonprofits who work in specific geographic places, have never had the privilege of accessing this type of money.

In the absence of general operating funding, we've seen a number of other creative approaches. One tactic we've seen work often is framing policy work as a program. For example, if you're building a new coalition, are there boundaries you can put around this work to frame the set of activities you're engaging with as a package?

You may also want to sometimes consider using words other than "policy" to describe your work. For example, if you want to run a narrative campaign around the opportunity to invest in Indigenous land back policies, you might decide to frame the work as a *communications strategy* to build Indigenous power. This framing is entirely accurate, and avoids scaring policy-averse funders away from support.

CONCLUSION

By developing the capacity to influence economic policies, such as policies that define the rules and regulations in our banking systems, expand or maintain benefits like the child tax credit, or transform economic livelihoods like reparations, nonprofits can play a crucial role in economic policy change. **In this playbook, we've shared a variety of tactics and tips over 5 steps to support nonprofits in their journeys to developing refined, strengths-based, and mission- and values- aligned policy strategies, building from their existing power, knowledge, and relationships to bring about larger, more systemic change.**

Nonprofit actors can be especially effective when they step into their power as trusted connectors between communities and power brokers, sharing both the wisdom and experiences of the communities they represent with decision-makers and translating impactful policy change opportunities to communities.

And, it is important to note that this work can often feel lonely in the nonprofit sector, given the forces that push nonprofits away from policy change work. Whenever possible, we hope you find opportunities to bring others along in your fight. Even if there aren't a lot of existing advocates and partners in your space, chances are there are other organizations like yours who would like to see the same type(s) of policies changed.

We also encourage funders to check out **our guide** on opportunities to support nonprofits to engage in this way.



REFERENCES

APPENDIX A: STRATEGIES FOR NONPROFITS TO ENGAGE IN POLICY WORK WITHIN 501(C)(3) RESTRICTIONS

"Congress shall make no law respecting…the right of the people peaceably to assemble and to petition the government for a redress of grievances." - The First Amendment

As most 501(c)(3) organizations know, federal and state laws limit the amount of "policy" work a 501(c)(3) can do.

Unfortunately, significantly fewer nonprofits know what advocacy activities are legally allowed compared to 20 years ago (Dunning, 2022). Less than one third of 501(c)(3)s know if they can support or oppose federal legislation today, compared to over half of 501(c)(3)s 20 years ago.

After working with hundreds of nonprofits in the economic and racial justice space, we've learned that there are 3 key concepts related to "policy" that all nonprofits must understand:

1. There is a significant difference between "lobbying" and "advocacy"—in our experience at Common Future, this is often the largest cause of confusion for nonprofits, their boards, and their funders.
2. All nonprofit 501(c)(3) organizations are allowed to engage in some policy work; familiarity with the IRS guidelines is essential.
3. States and localities oftentimes have more restrictive guidelines than federal law. This tracks with the trend that state governments have been more aggressive in controlling lobbying, in comparison with the federal government (Rush and Jiminez, 2021).

Luckily, there has been a lot of supportive work published on these topics. We did our best to summarize some of those insights and link those materials below.

The difference between lobbying, advocacy, and supporting elections:

One of the most common misconceptions in the nonprofit space is around what is considered lobbying under the law. You may be surprised how many activities are actually safe for 501(c)(3)s. Below, you'll find definitions of these terms.

It is essential to note that the following definitions and guidelines are pulled from resources to address federal policy concerns. **Your state or locality may have different definitions of these terms. It is important to check guides and potentially consult with a legal professional to be sure. More on that below (Alliance for Justice, 2024).**

ADVOCACY

The following activities are considered permissible according to federal law:

- Communications to executive officials and administrative bodies about policy (sometimes referred to as *administrative lobbying*), including:
  - ▷ Comments on proposed regulations
  - ▷ Meetings with agency officials
  - ▷ Testimony at hearings
- Coalition building
- Research and analysis
- Compliance assistance
- Examinations and discussions of broad social, economic, and similar problems

Given the significant expertise, connections, and skills held within the nonprofit sector, we see meaningful opportunities for nonprofits to engage in advocacy opportunities to support elected and agency officials (and leaders with more formal lobbying roles) in their journeys to better understand economic issues and opportunities. **Leaders in these roles need to learn from your perspective.**

ELECTIONS

What's very clear from federal law is that nonprofit organizations *cannot directly or indirectly participate or intervene in a political campaign* on behalf of, or in opposition to, any candidate for public office.

However, according to federal law, nonprofits can conduct:

- **Voter education activities,** such as the presentation of candidate forums and the publication of voter education guides
- **Voter registration drives**
- **Get-out-the-vote activities**

LOBBYING

Where nonprofits need to be really careful is around lobbying. According to federal law, there are generally two primary types of lobbying activities:

- **"Grassroots" lobbying:** communication regarding **legislation** that is directed to the general public. Generally, this communication needs something extra to constitute lobbying. Still, this call to action is a low bar that can be satisfied simply by identifying relevant legislators or even by the timing of the communication.
- **"Direct" lobbying:** communication reflecting a specific view on a specific piece of legislation and is addressed to a member or a staff person of a legislative body (or any other government employee who may participate in the formulation of legislation).

Again, these definitions do vary state by state and locality. We'll provide more information on that below. For more, we loved this report from New York Lawyers for the Public Interest.

IRS GUIDELINES FOR 501(C)(3) ORGANIZATIONS

Question: Is lobbying by section 501(c)(3) organizations permissible under federal tax laws?

Answer from the IRS: Yes (except for private foundations under most circumstances)

In short, the IRS has made it very clear that a certain amount of lobbying is permissible for 501(c)(3) organizations. See more directly from the IRS here.

Nonprofits are prohibited from a "substantial" amount of lobbying, which can be defined as "direct" or "grassroots" lobbying. The determination of what constitutes "substantial" depends on the organization's overall activities, resources, and expenditures.

According to federal law, the amount of lobbying that is permissible depends on the size of your organization. You may also use an expenditure test (under section 501(h) and linked on the IRS website) as a method for measuring lobbying activity (Internal Revenue Service, 2023).

UNDERSTANDING YOUR STATE'S LAWS

States have been more aggressive in controlling lobbying, in comparison with the federal government. Therefore, most states and some localities have tighter restrictions on lobbying activities. And, as we'll discuss more below, states may also use different definitions of lobbying.

Bolder Advocacy has created robust guides to check on your state's advocacy restrictions. We highly recommend that you visit this resource to learn more about your state's specific guidelines.

TAKEAWAYS

In summary, while the law is complicated, it is clear that nonprofits can

safely engage in policy through (1) unlimited advocacy work, (2) some civic engagement work around elections, and (3) some lobbying.

The rest of this playbook is designed to support your organization to match which policy-related activities are best suited to your organization's skill sets, mission, and big picture goals. After you've developed your high level strategy around how you might want to engage in policy, we encourage you to revisit this section to ensure that your actions are within the bounds of your local, state, and federal laws.

APPENDIX B: A BRIEF HISTORY OF THE GROWTH OF THE NONPROFIT SECTOR AND ITS RELATIONSHIP TO POLITICAL POWER

"In exchange for the possibility of financial resources and perhaps a glimpse at the governing table…nonprofits [have] abided by…standards of bookkeeping and accounting, limitations on political engagement, requirements for board composition and hiring, expectations about data collection and evaluation, and programmatic guidelines…"

- Claire Dunning, Nonprofit Neighborhoods

In the following section, we provide a brief history of key national events that had a major impact on the growth of the nonprofit sector. Over the last several decades, the nonprofit sector has continuously stepped up to support the federal government in distributing capital to communities and/or filling key gaps in our economic and social services. And, as the nonprofit sector has grown, nonprofits and their staff members have seen relatively less and less political power. Today, phenomena like nonprofit burnout plagues the sector, as nonprofits race to keep up with growing needs. And yet, it never seems to be enough (Goodera, 2023). **This is the story of how we got here:**

1945-1960: WWII ENDS AND NONPROFITS FILL CRITICAL SOCIAL INFRASTRUCTURE GAPS

What was happening: Urban renewal policies (or as James Baldwin referred to them, "Negro Removal" policies), including the Housing Act of 1949, provided federal funding for cities to plan and carry out slum clearance and redevelopment projects, draining jobs, people and tax revenue from the city to the suburbs. The political economy began shifting towards finance, real estate and service provision.

The effect on the nonprofit sector:

Growth: African Americans organized and mobilized to demand a full set of rights and to end the discriminatory policies and practices that favored white and middle and upper-class families. This resulted in the proliferation of Black-led nonprofits. And, where freedom movements led, other nonprofits followed, ushering in a new era of public grantmaking to nonprofits. The economic boom following World War II also resulted in increased wealth and a burgeoning middle class in the United States. This economic growth coincided with a surge in charitable giving and the establishment of foundations, many of which supported these nonprofits.

Impact on political power: Federal legislation encouraged local renewal agencies to make small grants to local community organizations (churches, neighborhood associations, and civic clubs) to smooth over the allegations of top-down planning and displacement.

1960-1970: GRANTMAKING AS A GOVERNANCE STRATEGY

What was happening: President Johnson (1963-1969) enacted a "war on poverty," which doubled down on the idea of working with nonprofit organizations. He directly linked the federal government to neighborhood-based entities, using grantmaking as a policy tool, not just to reduce poverty but also to find new ways for traditionally excluded groups to participate in governance. There was also growing popularity for **neoliberalism** during this time, steering U.S. governance away from investing in state institutions in favor of bolstering financial markets and private entities to secure individual rights, profits, and labor.

The effect on the nonprofit sector:

Growth: Intermediary nonprofit organizations rose during this time to broker deals and provide technical assistance to smaller nonprofits (also financialization tools like loans). More coalitions were formed between nonprofits with a desire to bring in federal or state dollars, but they were often divided over who should control them. This created competition and division within the nonprofit sector.

Impact on political power: Grantmaking functioned as an expression of power by those with resources over those seeking them. Social services were framed as a privilege to be won by nonprofits, rather than an obligation to be fulfilled by the government. As people of color and other marginalized groups continued to pursue these grantmaking opportunities, this enabled a rhetoric of compassion and a veneer of inclusion among elites. And, ultimately, nonprofits were responsible for their own uplift.

1970-1980: NEW FEDERALISM AND PUBLIC-PRIVATE PARTNERSHIPS

What was happening: After President Richard M. Nixon put forward his "New Federalism" offering revenue sharing to state and local governments, he shifted power towards state and local governments, effectively decentralizing social welfare (Katz, 2014). This move was popular with governors and mayors, since such funds could provide badly needed fiscal relief. This step back from categorical grants with their specific mandates gave state and local governments flexibility and additional money, leaving room for prejudice to steer money to specific localities, most often white and wealthy neighborhoods, over others.

The effect on the nonprofit sector:

Growth: Public-private partnerships were on the rise, supported by a growing interest in governmental efficiency and laws like the Community Reinvestment Act (1977) to address problems like redlining and the lack of investment in low- and moderate-income neighborhoods. The changing landscape required nonprofits to professionalize their operations. Instead of providing a broad suite of social services, nonprofits increasingly began developing expertise in specific fields. This need for specialized skills contributed to the growth of nonprofit management as a field of study and practice.

Impact on political power: The increased demand for services, coupled with fluctuating funding, placed significant strain on many nonprofits, leading to concerns about the sustainability of relying heavily on the sector for public service provision. As nonprofits became more and more specialized, there was less room for off-mission activities such as policy-related work. New Federalism also exacerbated inequalities, as disparities in state resources and priorities led to uneven levels of service provision and access across the country.

1980-1990: GOVERNMENT IS THE ENEMY, AND

NONPROFITS WILL SAVE US ALL

What was happening: When Ronald Reagan took office in 1981, he, like Nixon, emphasized block grants and "new federalism" as an instrument of change. However, whereas Nixon was not shy about spending, Reagan pulled back significantly. Ultimately Reagan's most enduring accomplishment on domestic policy may have been to make "government" a dirty word.

Growth: Nonprofits became more essential than ever before under Reagan, as major social programs were cut, especially in distressed communities. A strong narrative around local power and local control grew in communities, regardless of political affiliation. Though this had been the case since the 1950s, nonprofits fully embraced their role as protectors and advocates of community voice. Foundations began to play a more active role in shaping social agendas, as the private philanthropy sector became more professionalized.

Impact on political power: The burden of nonprofits to solve major societal inequities became immensely high. Nonprofits were charged with solving public problems through private means, solving structural problems through local organizations. Following the trend of specialization, foundations continued to encourage new nonprofits to stick to their mission statement, often discouraging nonprofits from focusing on policy or larger systemic changes.

1990-TODAY: THE NONPROFIT INDUSTRIAL COMPLEX

What has been happening: Borrowing from the for-profit sector, nonprofits have increasingly learned to marketize and develop revenue-generating activities, pushing them to focus on customer (or donor) satisfaction to secure financial stability and growth. Today, many refer to the system in which the nonprofit sector operates as the "nonprofit industrial complex," describing the complex, robust, and sometimes problematic relationship between nonprofits and their sources of funding. Nonprofits today get their funding from a wide variety of services that largely depends on the sector in which they operate.

And, nonprofits are more essential than ever before. Recently, the American Rescue Plan's (ARP) second tranche of funding to municipalities highlighted the essential role of nonprofits in navigating our social and economic sectors. Municipalities, even larger ones, have been proven to lack the capacity for longer-term strategic investments without the help of nonprofits.

Unfortunately, as nonprofits have grown, so has inequality. Across the nation, neighborhoods with economically and socially distressed neighborhoods often have the highest density of nonprofits, highlighting the inability of fragmented nonprofits to collectively achieve systemic or structural changes through bespoke activities. Boston is a powerful example of this (Dunning, 2023).

The effect on the nonprofit sector:

Growth: Over the past decade, the nonprofit sector has experienced significant growth, outpacing the for-profit sector. While the for-profit sector grew by about 2% to 3%, the nonprofit sector surged by 20%. According to the IRS, there are 1.48 million active 501(c)(3) nonprofit organizations (as of 2022) accounting for the employment of over 10% of all U.S. workers. Numerous nonprofits are actively engaged in addressing a diverse array of economic justice policy issues today, employing a variety of methodologies and strategies. From organizations that provide essential services to organizations that serve as "field catalysts", nonprofits have become a major source of expertise, community connection, and talent in our economic, social and political systems (McHugh Farnham et al., 2023).

Impact on political power: Nonprofit organizations, especially smaller, grassroots ones serving disadvantaged populations, often find themselves competing for public funding against larger, more established nonprofits (Brachman, 2022). This competition can intensify local government and nonprofit coordination challenges, particularly in regions transitioning from older industrial economies to newer ones, where nonprofits have been operating with limited budgets for decades.

Though private philanthropy is only one source of capital for nonprofits, the shifts in trends in private philanthropy have majorly impacted the nonprofit sector. Recently, we've see new trends in philanthropy that are supportive of nonprofits engaging in more policy-related work, such as the "trust based" philanthropy trend and the "systems change" trend, which support nonprofits in breaking out of a "programmatic" mindset and influencing the systems in which they operate. Other trends, while effective at achieving certain aims, work against economic policy aims (such as the "effective altruism" movement which prizes programmatic results over structural changes to our political economy) (Trust Based Philanthropy, 2024; NCFP, 2022; Effective Altruism, 2024).

The professionalization of the nonprofit sector has made many established nonprofits more bureaucratic and less agile, distancing powerful nonprofits from grassroots activism and community-led initiatives (Masaoka, 2018). Some social activists believe that the nonprofit model can dilute radical goals for social change by framing issues within the context of charity and service provision rather than addressing underlying structural inequalities.

APPENDIX C: COMMON FUTURE'S NATIONAL SURVEY

Survey Details:

In conjunction with 1:1 interviews with organization leaders, we distributed a national survey to a diverse array of economic justice 501(c)(3) nonprofit organizations across the United States. The survey aimed to gather insights into the challenges and opportunities faced by nonprofit organizations in navigating the economic policy landscape. Participants (n= 100) were selected to ensure representation from various regions and demographics, reflecting the broad spectrum of nonprofit entities working towards economic justice.

Out of the 100 survey respondents, the majority identified as organizations working on Advocacy, Community Building and Social Service Support. And while over 80% of organizations identified as small nonprofits with less than 50 employees, there was a mixed bag of organizations focused on either local, state or national issues. Participants represented a diverse pool of leaders eager to engage in the policy space, as well as leaders unsure about their capacity to impact policy change. The survey gathered data highlighting the barriers and obstacles nonprofits faced, including the top barrier for over 70% of participants: funding. All findings from this survey provide context and depth to the steps in the report and support our understanding of the complex dynamics at play within the nonprofit ecosystem and informing the recommendations outlined therein. As a final question, 98% of our participants say they'd use a playbook if one was created, and that is what the team set out to do. Thank you to each and every survey participant and organization for sharing a part of your journey with us.

APPENDIX D: INTERVIEWEES

1:1 INTERVIEWS

1. Yoni Blumberg, Director of Entrepreneurship and Strategic Initiatives, WEPOWER
2. Vivian Brekenrirdge, Program Manager, Greenlining
3. Sheyda Brown, Deputy Director, Terence Crutcher Foundation
4. Courtney Cardin, Co-Founder and Chief Product/Business Officer, Aura Finance

5. Evan Casper-Futterman, Senior Director for Planning and Education, Bronx Cooperative Development Initiative
6. Charli Cooksey, Founder and CEO, WEPOWER
7. Nourel-Hoda Eidy, Researcher, Global Detroit
8. Anne Ekedahl, Senior Policy Fellow, We in the World
9. Holly Ensign-Barstow, Senior Director of Programs and Policy, B Lab
10. Ted Fertik, VP Manufacturing & Industrial Policy, BlueGreen Alliance
11. Christine Fry, Co-Founder and Principal, Onside Partners
12. Mike Green, Co-Founder, Common Ground Conversations
13. Bulbul Gupta, President and CEO, Pacific Community Ventures
14. Marcus Haymon, Partner and Regional Director of the Americas, Dalberg Advisors
15. Denise Hearn, Resident Senior Fellow, Columbia Center on Sustainable Investment
16. Ismael Herrera, CEO, California Forward
17. Oshan Jarow, Staff Writer, Vox
18. Pierre Joseph, Inclusive Economies Manager, Boston Fed
19. Heather Kinlaw, Executive Director, Inequality Media
20. Danny Knee, Executive Director, Community Investment Corporation
21. Stefan Lallinger, Executive Director, Next100
22. Kimber Lanning, Chief Executive Officer, Local First AZ
23. Andrea Luquetta, Pa'Lante Collaborative Strategies (Previously ED at California Asset Building Coalition)
24. Grace Mausser, Policy Manager, B Lab
25. Anna Muoi, Co-Founder and Lead, New Capitalism Project
26. Aisha Nyandoro, Executive Director, Magnolia Mother's Trust
27. Nneka Onwuzurike, First Deputy, Business & Neighborhood Development, Mayor's Office at the City of Chicago
28. Xiomara Pena, VP of Innovation and Community Engagement, Hispanas Organized for Political Equality (HOPE)
29. Oscar Perry, Senior Economic Justice Correspondent, Next City
30. Brian Platt, City Manager, Kansas City
31. Connie Raza, Executive Director, Future Currents
32. Solana Rice, Co-Founder and Co-Executive Director, Liberation in a Generation
33. Samantha Riemer, Senior Director of National Partnerships, UpTogether
34. Theresa Rinne-Meyers, Director, Impact Rocky Mountain MicroFinance Institute
35. Somava Saha, Executive Director, We in the World
36. Natalie Self, SVP Equitable Economic Impact, Cortex Innovation Community
37. Perry Teicher, Impact Finance Counsel, Orrick
38. Shalini Vajjhala, Executive Director, PRE Collective
39. Erika Weissinger, Assistant Professor of Practice, UC Berkeley

FOCUS GROUPS

Focus Group 1: The Common Future Accelerator Program

1. The Tender Foundation - Jaycina Almond and Chaniece Davis
2. The Community Empowerment Fund CEF - Donna Carrington and Ari Rosenberg
3. Miren - Gabriela Campoverde
4. COOK Alliance - Roya Bagheri
5. African American Alliance of CDFI CEOs - Amber Bond and Janice Dsouza
6. Change Labs - Jessica Stago and Heather Fleming
7. SEED - Sabrina Williams and Andraleia Burch-Villains Berard
8. Center for Cooperative Development and Solidarity (CCDS) - Luz Zambrano
9. National Black Food & Justice Alliance - Kenya Crumel
10. Hozhonigo Institute - Onawa Haynes

Focus Group 2: WE in the World Conference Session Attendees

APPENDIX E: THE POLICY INCUBATOR

In the summer of 2022, Common Future launched a **policy incubator** to model a new way of working and resource game-changing economic policy ideas. We identified four **action-oriented, community-minded, and equity-centered leaders** with a vision for change. These leaders were **filling critical gaps in the community engagement space around economic policy, bringing transformative work forward.** These policy "entrepreneurs" each designed **12-month action plans** for their economic policy ideas at local, state, or federal levels. The 4 leaders in this cohort were:

1. Roque Barros, The Imperial Valley Wellness Foundation
2. Bree Jones, Parity
3. Keneshia Raymond, StartUp Tuscon
4. Trevor Smith, formerly Director of Narrative Change at Liberation Ventures and now Co-Founder of the BLIS Collective and Common Future's inaugural Futurist in Residence

A few of our key learnings from this program include:

1. The importance of active and deep relationships with affected communities in relation to developing effective policy change work;
2. The power of policy leaders identifying with the communities they serve, and;
3. The strength of integrated strategic approaches, infusing policy work within the broader suite of programmatic work a nonprofit took on.

Across the board, we found that leaders with deep and robust community relationships, lived experience, and multi-pronged approaches tended to prioritize more transformative economic solutions, with more strategic implementation plans, than other organizational leaders working in similar spaces.

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