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Article in *International Journal of Public Sector Management* · July 2011

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The Effects of Perceived Funding Trends on Nonprofit Advocacy: A National Survey of Nonprofit Advocacy Organizations

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August 1, 2010

Acknowledgement: An earlier version of this working paper was presented at the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) Annual Conference, Cleveland, OH, November 19-21, 2009. This research was supported in part by an annual research grant from the Baldy Center for Law & Social Policy at the University at Buffalo. The authors would like to thank Jodi Stelley for research assistance.

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Executive Summary

This working paper examines executive directors' perceptions of the relationship between access to funding and an organization's programmatic and advocacy activities. It builds on a larger body of research focused on the relationship between the organizational environments of nonprofits and the scope of their advocacy activities. Under the United States Internal Revenue Code many nonprofits are restricted from political campaign activities and some forms of lobbying. However, there are few limitations placed on the scope of advocacy activities that nonprofits can pursue. Nonetheless, nonprofit advocacy activity remains relatively limited.

In part, the scope of nonprofit advocacy has been limited due to concerns about it adversely affecting external funding. Advocacy activity has also been affected by the general decline in public resources and the growing need for individual nonprofits to rely on funding from multiple sources. Advocacy activity has been curtailed as nonprofits have had to commit greater resources to grant writing and fund raising. Advocacy activity has also been curtailed due to growing pressure for nonprofits to emphasize programmatic

activities. This pressure has come from funders in the public, private, and foundation sectors.

This exploratory study is based on cross-sectional analysis using data from a national survey of executive directors of nonprofit advocacy organizations in the United States. The survey included questions measuring the perceptions of nonprofit advocacy organizations.

Questions measured nonprofits' programmatic and advocacy activities, staff and funding levels, perceptions of funding availability, perceptions of legal constraints related to advocacy, and perceptions of pressure from funders to increase or reduce advocacy activities. The survey was administered between September 2008 and January 2009. The organizations examined in this study were purposively selected because they served minority and disadvantaged groups. The organizations were also selected due to their heavy reliance on public funding.

The findings from this research indicate that several factors are associated with how an organization balances its programmatic and advocacy activities. They include an organization's dependence on

public funding, the constituencies it serves, and its perception of funders' expectations. On average, advocacy organizations committed 25.2% of their time to advocacy activities. Black and Latino organizations deviated significantly from this level of commitment. Black nonprofits committed significantly more time (37.2%) to advocacy work, while Latino nonprofits committed significantly less time (14.9%).

These distinctions reflected the funding strategies adopted by the different nonprofits. Black nonprofits adopted a strategy of remaining small, volunteer-based organizations focused on pursuing their core advocacy activities through political mobilization. On the other hand, Latino nonprofits adopted a mobilization strategy based on building large organizations that deliver a broad range of services to their core constituencies.

Variation in the level of advocacy activity between nonprofits was also a reflection of organizations' sources of funding. Overall, government was the largest source of revenue for nonprofit advocacy organizations, accounting for 43.7% of funds. This source

of revenue was followed by membership dues and individual contributions at 13.3%, and foundations at 12.8%. No other source of revenue was above 10% for nonprofits as a whole. In contrast, black nonprofits had significantly lower levels of government (19.4%) and foundation funding (5.8%), and significantly higher levels of support generated from membership dues and individual contributions (30.1%). This helped to explain their elevated levels of advocacy work.

Nonprofits were asked about the degree of pressure they perceived to alter the scope of their programmatic and advocacy activities. 45.7% of respondents reported perceiving pressure to increase the scope of programmatic activities from government, 36.2% reported perceiving pressure to increase the scope of programmatic activities from foundations, while only 26.2% reported perceiving pressure to increase the scope of programmatic activities from individual contributors. In contrast, 30.4% of respondents reported perceiving pressure to decrease the scope of advocacy activities from government, 12.0% reported perceiving pressure to decrease the scope of advocacy activities from foundations, while 25.0% of

nonprofits reported perceiving pressure to *increase* the scope of advocacy activities from individual contributors. This lends credit to resource dependency theory, which argues that reliance on government and foundation funding reduces nonprofit advocacy activity. These results also suggest that perceived pressures from individual contributors have a moderating effect on the suppression of advocacy activity. Nonprofits with a stronger base of individual contributors tend to pursue a broader scope of advocacy activities.

Although exploratory, the results from this research suggest that there is limited institutional support for nonprofit advocacy activities in the United States. In particular, executive directors of nonprofit advocacy organizations perceive government as a dissuasive force in relation to advocacy activities. In contrast, these nonprofits perceive their core constituents and individuals who contribute to their organizations as the main source of support for expanded advocacy activities. Although this is testament to the grassroots origins of advocacy in general, it is also discerning to find that nonprofits perceive low levels of support for such activities from larger institutions in society.

Public, private and nonprofit sector funders need to nurture a culture of advocacy by better integrating advocacy activities into the programs they currently fund. In addition to implementing social welfare and other programs in a policy environment shaped by retrenchment and devolution, nonprofits can serve as incubators for policy innovation and a means to connect grassroots interests with policymakers. Without a strong advocacy dimension, nonprofits run the risk of being reduced to a contingent force of subcontractors for funders in the public, private and nonprofit sectors. An alternative view would entail the promotion of advocacy as a core value in a new social compact based on expanded grassroots access to the policy process.

Legal Restrictions, Devolution, and Resource Dependency

This working paper examines executive directors' perceptions of the relationship between access to funding and an organization's programmatic and advocacy activities. It is based on cross-sectional analysis using data from a national survey of executive directors of nonprofit advocacy organizations in the United States. The findings from this research indicate that several factors are associated with how an organization balances its programmatic and advocacy activities. They include an organization's sources of funding, the constituencies it serves, and its perception of funders' expectations.

This working paper builds on a larger body of research focused on the relationship between the organizational environments of nonprofits and the scope of their advocacy activities. Much of this literature focuses on three themes. The first examines the degree to which perceptions of legal restrictions on political and lobbying activities cause nonprofits to restrict their advocacy activities. Nonprofit organizations receive tax exempt status under various sections of the United States Internal Revenue Code (Vernick 1999; Worth 2009). In exchange for tax exempt status many nonprofits are prohibited from engaging in political campaign activity and endorsing candidates for political office. Under the United States Internal Revenue Code (26 U.S.C. §501(c)), many nonprofits are also restricted from some forms of lobbying related to specific legislation or public policy decisions. However, there are few limitations placed on the scope of advocacy activities that nonprofits can pursue. Nonprofit advocacy can include a range of issue oriented activities such as: public education campaigns, the dissemination of information, holding public events, voter registration, and related actions. These types of activities are considered constitutionally protected free speech.

Child and Gronbjerg (2007) surveyed nonprofits in Indiana and concluded that most nonprofits were ambivalent about advocacy. Although many of the organizations they studied engaged in some form of advocacy activities, it was not a core activity of these organizations. A recent national survey of nonprofits conducted by Salamon et al. (2008) found that 73% of organizations pursued some form of advocacy activities. However, only 2% of nonprofit budgets were committed to advocacy activities. Although many nonprofits engaged in advocacy and lobbying activities, the scope of these activities was typically limited to contacting or responding to elected officials, and distributing information about salient public issues. Salamon et al. (2008) also found that worries about violating laws or losing public funding were factors in inhibiting lobbying, and advocacy to a lesser degree. They also found evidence that these concerns were overstated by a lack of understanding about restrictions on lobbying in the United States Internal Revenue Code. These findings are important since they represent one of the few empirical studies of this nature which suggest that nonprofits curtail lobbying and advocacy due to perceptions of legal restrictions on these types of activities.

The second theme in the literature on nonprofit advocacy examines the degree to which funding constraints in the public and nonprofit sector hamper

the scope of advocacy activities pursued by individual nonprofit organizations. Much of this research focuses on the decline of public funding for nonprofit organizations since the 1970s, and the inability of foundations and funding intermediaries to completely replace these lost resources (Keyes et al. 1996; Liu and Stroh 1998; Light 2000; Gronbjerg 2001; Salamon 2002; Werther and Berman 2001; Frisch and Servon 2006). This shift in nonprofit funding has produced an environment where organizations rely on more diversified funding sources and face fiscal instability due to competition for declining resources (Gronbjerg 1991, Gronbjerg 1993).

Although the diversification of funding has allowed nonprofits to attract new revenues, it has also resulted in new constraints on their staff and the pursuit of their organizational missions. The growing need for individual nonprofits to rely on funding from multiple sources has reduced the time staff can commit to other activities. In the past, individual nonprofits may have relied on a single source of funding for their activities and been able to match the goals of a funding source to an organization's mission relatively seamlessly. In the contemporary period, nonprofits must identify multiple funding sources for the same activities, and multiple funders may have incompatible expectations which can cause a nonprofit to experience goal displacement and mission drift. In addition, the logistics of maintaining funding across sectors can have a detrimental impact on a nonprofit's ability to pursue advocacy and other activities. The diversification of funding entails the development of specialized grant and contract management skills in the public, private and nonprofit sectors. It also entails the development of a separate professional fundraising apparatus. Increasingly, nonprofits face pressure to engage in entrepreneurial and fee-for-service activities which require the development of requisite skills (Gronbjerg 2001; Eikenberry and Kluver 2004; LeRoux 2005). For some nonprofits, like fair housing organizations, legal expertise must be developed since civil settlements from litigation are a growing source of funding (Cheever and DeLeon 2001). Given this context, it is not surprising that a recent survey conducted by Salamon et al. (2008) found the lack of staff time and skills to be the most influential reason for nonprofits not pursuing advocacy activities.

The third theme in the literature on nonprofit advocacy examines the degree to which nonprofits face pressure from funders to expand their emphasis on programmatic activities and reduce the scope of unrelated advocacy activities. One branch of this literature focuses on the relationship between government funding and nonprofit advocacy. O'Regan and Oster (2002) studied the influence of government funding on nonprofit board behavior and found that organizations receiving government contracts became more focused on fiduciary responsibilities and advocating for continued government support. While these nonprofits became more focused on complying with regulatory requirements and advocating for sustained public funding, other board activities were deemphasized. Chaves et al. (2004) reached similar conclusions in their analysis of the relationship between government funding and nonprofit advocacy activity. They found that

government funding did not suppress the lobbying and advocacy activities of nonprofits. Instead, it led to increased lobbying and advocacy for continued government support of nonprofit programmatic activities. Leech (2006) found little direct support for a relationship between public funding and levels of nonprofit lobbying after controlling for other organizational characteristics. As an extension of this line of analysis, scholars approaching this question from the resource dependency perspective argue that government funding reduces the overall scope of nonprofit lobbying and advocacy. In their analysis of human service organizations, Schmid et al. (2008) argued that although nonprofits receiving government funding may lobby and advocate for sustained government support, they may refrain from engaging in other forms of advocacy which could threaten continued good will from the public sector. This is reminiscent of Gronbjerg's (1991; 1993) observation that political actors in local government would sometimes reduce funding allocations to nonprofits in response to advocacy that threatened existing urban regimes.

Other scholarship has focused on the influence of foundations and funding intermediaries on the scope of nonprofit advocacy. This literature has emphasized the degree to which philanthropic organizations and other funders in the nonprofit sector shape the parameters for nonprofit advocacy. Martin (2004) discussed this issue in her examination of how local foundations influenced agenda setting of community organizations in St. Paul, Minnesota. Dependence on foundation resources constrained the scope of activities pursued by these community organizations and structured their programmatic activities. Silverman (2008) found evidence that foundations pressured local government to fund a subset of nonprofits that were engaged in collaborative activities with nonprofit funders. On a broader scale, Arnove and Pinede (2007) traced the history of the Carnegie, Rockefeller, and Ford Foundations' international initiatives. They describe how the philanthropic activities of the big-three foundations have served to maintain status quo relations and balk grassroots efforts to advocate for the transformation of social and economic relations. These critiques have crystallized around the concept of a *non-profit industrial complex* (INCITE! 2007). From this perspective, increased pressure to contain the scope of nonprofit advocacy emanates from the growing influence of foundations, federated funders, intermediary organizations, and global philanthropy.

Methods and Data

This research is based on a national survey of nonprofit advocacy organizations. The survey included 48 questions measuring the perceptions of nonprofit advocacy organizations. Questions measured nonprofits' programmatic and advocacy activities, staff and funding levels, perceptions of funding availability, perceptions of legal constraints related to advocacy, and perceptions of pressure from funders to increase or reduce advocacy activities. The survey was administered between September 2008 and January 2009. It

entailed an initial mailing and a follow-up reminder sent electronically to survey recipients.

The research used a purposive sample of advocacy organizations in the United States composed of 501(c)3 and 501(c)4 organizations that served minority and economically disadvantaged groups. A cross-section of 1,489 advocacy organizations in the United States was surveyed. The population of organizations surveyed included: 502 African-American organizations, 255 Latino organizations, 70 fair housing organizations, 248 homelessness organizations, and 414 other advocacy organizations. Survey respondents were identified using directories posted on the websites of their national affiliates and various national advocacy coalitions. At the end of that period a 7.3% (n=109) response rate was reached across all the organizations surveyed. This response rate was consistent with past mail surveys involving minority respondents, potentially sensitive questions, and sampling from the general population of nonprofit organizations (Schuman and Presser 1996, Nardi 2003, Sue and Ritter 2007). Pearson (2010) indicates that mail surveys of this nature typically invoke a 5% response rate, and this can be enhanced with follow-up contacts and other techniques. He also notes that the degree to which low response rates are problematic is predicated by differences between respondents and non respondents.

Although the overall response rate was low at 7.3%, a closer examination of the cross-section of organizations that responded is worth discussing. This data is summarized in Table 1.

Table 1: Response Rates by the Type of Advocacy Organization (N=1489)

Type of Advocacy Organization	Total Number Surveyed	Respondents	Percent Responding
African American	502	17	3.4
Latino	255	29	11.4
Fair Housing	70	11	15.7
Homelessness	248	40	16.1
Other	414	12	2.9

Distinctions can be made between the different types of advocacy organizations that were surveyed which help explain variations in response rates. African-American organizations were primarily composed of voluntary organizations, such as local affiliates of the National Association for the Advancement of Colored People (NAACP). These organizations were distinct since they typically did not have paid staff. This subgroup of African-American advocacy organizations made up 80.0% of all African-American organizations surveyed. The remaining 20.0% of African-American advocacy organizations

were drawn from affiliates of organizations like the National Urban League which tend to have paid staff and greater capacity at the local level. The response rates for the subgroup of voluntary African-American organizations were 2.5%, while other African-American advocacy organizations had a 7.0% response rate. That large number of voluntary African-American advocacy organizations may have suppressed the response rate for this group.

In contrast, Latino, fair housing, and homelessness advocacy organizations had the highest response rates. Each of these groups of organizations was composed of social welfare and other advocacy oriented nonprofits with paid staff. These organizations were affiliates of national organizations like the National Council of La Raza, the National Fair Housing Alliance, the National Alliance to End Homelessness, and other organizations. These surveys were typically addressed to an organization's executive director. The presence of paid staff may have contributed to the higher response rates for these groups.

Finally, the advocacy organizations that were grouped into the "other" category were primarily composed of affiliates of national advocacy organizations like the National Congress for Community Economic Development (NCCED), the Association of Community Organizations for Reform Now (ACORN), and the Industrial Areas Foundation (IAF). The response rate (2.9%) for this group of organizations was the lowest of all groups surveyed. In part this response rate is explained by acute instability that some of the parent organizations to local affiliates surveyed experienced in recent years. For instance, the NCCED closed its organization and office in August of 2006 due to a lack of financial support. Many of the local organizations affiliated with the NCCED may have experienced a similar fate. In addition to suppression of the response rates being caused by the failure of national parent organizations, response rates were also suppressed by the volatility in the national political climate during the survey's administration.

Some organizations, like ACORN, fell under heavy media scrutiny during the 2008 presidential election. Just weeks after surveys were mailed out, ACORN became the focus of national media coverage about voter registration fraud. This was unanticipated at the time that the study was designed. However, the advent of an election where the frontrunner for the presidency was a former community organizer and endorsed by various grassroots advocacy organizations may have resulted in lower than expected response rates. Organizations like ACORN that were under media scrutiny may have been less inclined to return the survey. In other cases, some of the organizations surveyed may have directed resources toward activities linked to voter education and mobilization in anticipation of the presidential election. This historic event could have reduced response rates.

Finding Resources for Programmatic and Advocacy Activities

A total of 109 nonprofit advocacy organizations returned surveys. These nonprofits include a cross-section of African-American, Latino, fair housing,

homelessness, and other advocacy organizations. Table 2 summarizes the annual budget, staff, salary, and information about the geographic location of the survey respondents. It is important to note some of the distinctions between the types of nonprofit advocacy organizations surveyed. For example, the annual budgets for African-American advocacy organizations were noticeably lower than those for all survey respondents. This was a reflection of the bias toward organizations relying on voluntary staff in this group.¹ Fair housing organizations also had lower annual budgets and fewer staff. Yet, these nonprofit advocacy organizations did not rely on large pools of volunteer workers. They simply had fewer resources to pursue their missions and resultantly lower staff capacity. In contrast, Latino nonprofits had noticeably higher annual budgets, larger staff, and slightly higher salaries than other organizations.

Table 2: Annual Budgets, Staff, Salary and Region of Respondents (n=109)

	All Respondents	Black Nonprofits (n=17)	Latino Nonprofits (n=29)	Fair Housing Organizations (n=11)	Homelessness Organizations (n=40)	Other Nonprofits (n=12)
Median Annual Budget	\$800,000	\$60,000	\$1,200,000	\$442,500	\$793,068	\$797,000
Median Number of Staff	10	17.5 ¹	22	6.5	7	13.5
Medians for Annual Salaries						
<i>Highest Salary</i>	\$65,000	\$65,000	\$75,000	\$64,500	\$62,600	\$60,000
<i>Second Highest Salary</i>	\$52,000	\$54,000	\$55,000	\$49,500	\$49,500	\$53,500
<i>Third Highest Salary</i>	\$45,000	\$50,000	\$40,000	\$40,560	\$46,750	\$41,500
US Census Region						
<i>Northeast</i>	18.9%	25.0%	10.7%	18.2%	17.5%	36.4%
<i>Midwest</i>	26.4%	31.2%	25.0%	45.5%	27.5%	--
<i>West</i>	20.8%	25.0%	28.6%	27.3%	7.5%	36.4%
<i>South</i>	33.0%	18.8%	32.1%	9.1%	47.5%	27.3%
<i>Caribbean (PR)</i>	0.9%	--	3.6%	--	--	--

¹ The mode for this group was 0 with 41.1% of African-American advocacy organizations falling in the mode.

Some of the distinctions identified across the groups of nonprofit advocacy organizations in Table 2 add to our understanding of their activities. Table 3 summarizes the amount of time nonprofits committed to programmatic and advocacy activities. This table also displays T-Test results comparing the overall scores for respondents to those of the groups examined in the sample. Overall, the respondents reported that 73.8% of their organizations' time was committed to programmatic activities and 25.2% of their time was focused on advocacy. The remainder of nonprofits' time was committed to other activities. This was an interesting finding, since all of the nonprofits surveyed were identified as affiliates of national advocacy organizations. Despite this emphasis, the bulk of their time was focused on programmatic activities. This may reflect the need to secure programmatic dollars in order to support other aspects of an organization's core mission. It may also be a reflection of a

mismatch between funder priorities and the missions of nonprofit advocacy organizations.

Table 3: Independent Sample T-Test Results Comparing the Percent of an Organization’s Time Committed to Programmatic and Advocacy Activities (n=109)

	All Respondents	Black Nonprofits (n=17)	Latino Nonprofits (n=29)	Fair Housing Organizations (n=11)	Homelessness Organizations (n=40)	Other Nonprofits (n=12)
Programmatic Activities	73.8	61.3+	85.9***	73.2	69.8	74.8
Advocacy Activities	25.2	37.2+	14.9**	25.0	30.0	18.8

+ p<.10, * p<.05, ** p<.01, *** p<.001

Two groups of nonprofits, African-American and Latino organizations, diverged from the rest of the respondents in relation to the time committed to programmatic and advocacy activities. African-American advocacy organizations committed less time to programmatic activities and more time to advocacy activities than the other groups. This difference was significant at the .10 level. In contrast, Latino advocacy organizations committed more time to programmatic activities and less time to advocacy activities than the other groups. This difference was significant at the .01 and .001 levels respectively. These outcomes reflect the possibility that these two types of nonprofits have adopted different strategies for achieving their missions. African-American nonprofits appear to have adopted a strategy of remaining small, volunteer-based organizations focused on pursuing their core advocacy activities through political mobilization. On the other hand, Latino nonprofits appear to have adopted a mobilization strategy based on building large organizations that deliver services to their core constituencies. Using this approach, advocacy activities are sustained through the delivery of tangible resources to constituents. It is noteworthy that the data suggest that identity based groups adopt divergent strategies to sustain advocacy activities. The adoption of these divergent strategies may be a reflection of the historic experiences of the two groups, the nature of their advocacy activities, perceptions of legal restrictions, access to funding, pressure from funders, and other factors.

Legal Restrictions

The United States Internal Revenue Code (26 U.S.C. §501(c)) places restrictions on political activities and some forms of lobbying by nonprofit organizations. However, there are few restrictions on the scope of nonprofit advocacy activities, since they are considered constitutionally protected free speech. Nevertheless, it is possible that nonprofits’ perceive a more restrictive legal context in relation to their programmatic and advocacy activities. In order to assess the presence of such perceptions, two questions were included in the survey that specifically focused on this issue. One question asked respondents how restrictions on lobbying and political activities in the United States Internal Revenue Code impacted the scope of their organizations’

programmatic activities. The other question asked respondents how these restrictions impacted the scope of their organizations' advocacy activities.

For the first question, 82.2% of respondents reported that restrictions on lobbying and political activities had no effect on the scope of their organizations' programmatic activities. Yet, 11.2% of respondents perceived restrictions on lobbying and political activities as contributing to a decreased scope of programmatic activities. For the second question, 68.3% of respondents reported that restrictions on lobbying and political activities had no effect on the scope of their organizations' advocacy activities. However, 26.9% of respondents perceived restrictions on lobbying and political activities as contributing to a decreased scope of advocacy activities.ⁱⁱ Overall, these data suggest that perceived legal restrictions do not influence the scope of programmatic and advocacy activities for the vast majority of nonprofits. However, a substantial percent of these organizations (26.9%) indicated that they curtail the scope of their advocacy activities due to these perceptions. This finding supports prior research which has indicated that nonprofits hold misconceptions about the scope and breadth of legal restrictions on advocacy activities.

Retrenchment, Devolution and Funding Diversification

In addition to perceived legal restrictions, it has been argued that the need for greater funding diversification has reduced the scope of nonprofit advocacy activities. This has been a byproduct of government retrenchment and the devolution of nonprofit funding to private sector and nongovernmental agencies. The need to seek funding from a broader spectrum of sources has stretched the resources of many nonprofits, forcing them to reallocate staff toward revenue generating efforts and away from advocacy activities. Table 4 summarizes the percent of an organization's total annual budget by source. This table also displays T-Test results comparing the overall scores for respondents to those of the groups examined in the sample. Overall, government was the largest source of revenue for nonprofit advocacy organizations, accounting for 43.7% of funds. This source of revenue was followed by membership dues and individual contributions at 13.3%, and foundations at 12.8%. No other source of revenue was above 10% for nonprofits as a whole.

Table 4: Independent Sample T-Test Results Comparing the Percent of an Organization's Total Annual Budget by Source (n=109)

	All Respondents	Black Nonprofits (n=17)	Latino Nonprofits (n=29)	Fair Housing Organizations (n=11)	Homelessness Organizations (n=40)	Other Nonprofits (n=12)
National Advocacy Organizations	1.1	0.7	3.4	--	--	0.5
Government (federal, state & local)	43.7	19.4**	48.4	66.1+	51.2	16.7*
Foundations	12.8	5.8**	10.6	9.1	17.6	13.9
Private Corporations	7.1	16.7	10.1	3.4*	3.8***	1.2***
Banks and Financial Institutions	5.3	5.3	7.6	6.3	2.8**	8.0
Membership Dues & Individual Contributions	13.3	30.1+	7.7	10.6	7.9*	28.6
Fees for Services	6.9	2.2***	8.0	3.7*	7.2	12.4
Other Sources	9.8	16.9	3.5***	3.8***	9.7	21.5

+ p<.10, * p<.05, ** p<.01, *** p<.001

Several groups of nonprofits diverged from the rest of the respondents when the source of annual budget revenue was examined more closely. African-American advocacy organizations received significantly less revenue from government, foundations, membership dues and donations, and fees for services. These differences were consistent with the relatively low overall budgets identified for these organizations in Table 2. Fair housing organizations received significantly more revenue from government, private corporations, and fees for services. These differences seemed to be reflective of the types of programmatic and advocacy activities in which these organizations engaged. Fair housing organizations often contract with various levels of government for fair housing education and enforcement activities. In some instances they also provide education to real estate and others in the private sector for fees. Similarly, homelessness organizations received significantly more revenue from private corporations, banks and financial institutions, and membership dues and individual contributions. These differences were reflective of the institutional environment in which this group of nonprofit advocacy organizations operated.

Despite the differences across the groups examined in Table 4, it is clear that funding for nonprofit advocacy organizations is diversified. No group of organizations is dependent on a single source of revenue and the loss of any source of revenue could impact the stability of an organization. Aside from the African-American organizations and nonprofits in the "other" category, the other three groups remained heavily dependent on government for revenue. Moreover, the second largest source of revenue for Latino and homelessness organizations was foundations. For these groups, and nonprofit advocacy organizations generally, questions about resource dependence warrant further consideration.

Resource Dependency

A number of questions were included in the survey to measure various aspects of resource dependency. In one group of questions, nonprofit advocacy

organizations were asked about the degree of pressure they perceived to alter the scope of their programmatic activities by funding source. In another group of questions, nonprofits were asked about the degree of pressure they perceived to alter the scope of their advocacy activities by funding source. For each group of questions, the vast majority of respondents indicated that there was no pressure to alter the scope of programmatic or advocacy activities. The most variation in responses across all of these measures corresponded with three revenue sources: government, foundations, and individual contributors.

For the questions measuring pressure to alter the scope of programmatic activities, 44.7% of respondents reported perceiving no pressure from government, 59.0% reported perceiving no pressure from foundations, and 68.0% reported perceiving no pressure from individual contributors. For the same questions, 45.7% of respondents reported perceiving pressure to increase the scope of programmatic activities from government, 36.2% reported perceiving pressure to increase the scope of programmatic activities from foundations, and 26.2% reported perceiving pressure to increase the scope of programmatic activities from individual contributors. Across all three sources of funding respondents perceived pressure to expand programmatic activities.

For the questions measuring pressure to alter the scope of advocacy activities, 53.9% of respondents reported perceiving no pressure from government, 74.0% reported perceiving no pressure from foundations, and 71.0% reported perceiving no pressure from individual contributors. For the same questions, 30.4% of respondents reported perceiving pressure to decrease the scope of advocacy activities from government, 12.0% reported perceiving pressure to decrease the scope of advocacy activities from foundations, while 25.0% reported perceiving pressure to increase the scope of advocacy activities from individual contributors. In reference to advocacy activities, nonprofits perceived conflicting pressures. The main pressure to reduce the scope of advocacy activities was perceived to come from government. Individual contributors countered this pressure, pushing nonprofits to pursue more advocacy activities. For the most part, foundations took a neutral position, remaining on the fence.

In addition to questions about perceived pressure to alter the scope of their programmatic activities, respondents were asked a series of questions about their experience in obtaining funding for various types of activities. In one group of questions, nonprofit advocacy organizations were asked about their experience funding a number of programmatic activities. In another group of questions, nonprofits were asked about their experience funding a number of advocacy activities. Table 5 summarizes scores for nonprofits' experiences funding programmatic activities. This table also displays T-Test results comparing the overall scores for respondents to those of the groups examined in the sample. Overall, nonprofit advocacy organizations reported a moderate degree of success in finding funding for programmatic activities. The greatest degree of success was in funding education and youth, and health and wellness programs. The least successful effort was in funding programs related to voting and civic engagement. These results are telling, given the uniformity of

pressure for nonprofits to increase the scope of programmatic activities. Although there is pressure to expand programmatic activities, funding is not readily available for programs, like voting and civic engagement, that complement the missions of advocacy organizations.

Table 5: Independent Sample T-Test Results Comparing the Average Score (Scale of 1 = “extremely difficult to find funding” to 10 = “extremely easy to find funding”) for an Organization’s Experience in Funding Programmatic Activities (n=109)

	All Respondents	Black Nonprofits (n=17)	Latino Nonprofits (n=29)	Fair Housing Organizations (n=11)	Homelessness Organizations (n=40)	Other Nonprofits (n=12)
Voting and Civic Engagement	3.0	3.7	3.1	2.0	2.5	3.0
Housing	4.9	3.9+	4.3	3.9	5.8**	4.9
Economic Literacy	4.8	4.5	5.2	6.5	4.6	3.7
Education and Youth	6.2	6.6	6.0	4.5	7.1**	4.1*
Adult Education and Employment	5.1	5.3	5.4	6.0	5.8	2.2**
Health and Wellness	5.7	6.0	5.8	6.0	6.5	3.3*
Neighborhood and Community Services	5.0	5.8	4.3*	5.2	5.2	4.4
Other Programs	4.4	5.3	4.2	3.0	4.7	3.8

+ p<.10, * p<.05, ** p<.01, *** p<.001

Table 5 highlights some statistically significant differences between the groups of nonprofit advocacy organizations identified in this research. African-American advocacy organizations had less success obtaining funds for programs focusing on housing. This was statistically significant at the .10 level. Latino advocacy organizations had less success obtaining funds for programs focusing on neighborhood and community services. This was statistically significant at the .05 level. Homelessness advocacy organizations had more success obtaining funds for programs focusing on housing and for education and youth. These were statistically significant at the .01 levels.

Table 6 summarizes scores for nonprofits’ experiences funding advocacy activities. This table also displays T-Test results comparing the overall scores for respondents to those of the groups examined in the sample. Overall, nonprofit advocacy organizations reported a low degree of success in finding funding for advocacy activities. The greatest degree of success was in funding advocacy for education and youth, and health and wellness. The least successful effort was in funding advocacy related to criminal justice reform, affirmative action, immigration reform, and international development and human rights. These results are illuminating for a few reasons. Overall, the respondents indicated that there is a dearth of funding for advocacy activities. Difficulties in securing funding for advocacy activities were uniform across the different groups of nonprofits, with few statistically significant differences to report. Advocacy funding that was accessible appeared to be tied to related programmatic activities. Finally, issues specifically impacting identity groups were the most difficult type of advocacy activities for which to obtain funding.

Table 6: Independent Sample T-Test Results Comparing the Average Score (Scale of 1 = “extremely difficult to find funding” to 10 = “extremely easy to find funding”) for an Organization’s Experience in Funding Advocacy Activities (n=109)

	All Respondents	Black Nonprofits (n=17)	Latino Nonprofits (n=29)	Fair Housing Organizations (n=11)	Homelessness Organizations (n=40)	Other Nonprofits (n=12)
Voter Rights and Civic Engagement	3.4	4.4	3.3	1.0	3.0	2.6
Fair Housing	3.5	4.4	2.7	3.4	3.8	2.0**
Economic Literacy	3.5	4.0	3.4	3.0	3.5	2.4
Education and Youth	4.7	5.1	4.7	2.0	5.3	2.6*
Adult Education and Employment	3.7	4.0	3.8	--	4.0	1.8***
Health and Wellness	4.5	5.1	3.5	6.0	4.9	2.8
Criminal Justice Reform	2.9	3.2	2.4	--	3.2	2.0
Affirmative Action	2.9	2.8	2.7	8.0	3.2	1.8+
Women’s Issues and Rights	3.3	3.3	3.7	2.0	3.2	3.0
Immigration Reform	3.0	3.1	3.1	3.7	3.0	2.3
International Development and Human Rights	3.0	3.1	2.8	5.0	3.0	1.5*
Other Activities	3.2	3.9	2.8	2.8	3.0	3.4

+ p<.10, * p<.05, ** p<.01, *** p<.001

These data provide some support for the presence of resource dependency. Across the board, funders were either perceived as being neutral or pressuring nonprofits to pursue programmatic activities. The perception was that funders expected to see social programs and other tangible results grow out of the resources nonprofits received. In contrast, nonprofits received mixed messages about advocacy activities from funders. Many funders were perceived as adopting a neutral stance or preferred to sit on the fence concerning advocacy activities. Nonprofits perceived the most pressure from government to decrease the scope of advocacy activities, and foundations were perceived as indifferent. In contrast, pressure to increase advocacy activities was perceived from individual contributors. At the same time, there was a moderate amount of funding available to support select programmatic activities, while funding for advocacy activities was difficult to come by. The tendency for nonprofit advocacy organizations to focus on programmatic activities seems to have grown out of: pressures from funders to pursue programmatic activities, mixed messages from funders about advocacy, and a dearth of funding for advocacy activities.

Promoting Advocacy as a Core Value in Policy

Although exploratory, the results from this research suggest that there is limited institutional support for nonprofit advocacy activities in the United States. In particular, executive directors of nonprofit advocacy organizations perceive government as a dissuasive force in relation to advocacy activities. In contrast, these nonprofits perceive their core constituents and individuals who contribute to their organizations as the main source of support for expanded advocacy activities. Although this is testament to the grassroots origins of

advocacy in general, it is also discerning to find that nonprofits perceive low levels of support for such activities from larger institutions in society.

The findings from this study also elaborate on prior research. In the past, scholars have speculated upon the degree to which restrictions on lobbying and political activities in the United States Internal Revenue Code have diminished the scope of nonprofit advocacy. Despite the lack of restrictions on advocacy activities in the Code and their protection under the First Amendment of the Constitution, 26.9% of nonprofits still perceived restrictions on lobbying and political activity as impediments to undertaking advocacy activities. This is evidence of general misunderstanding among nonprofits about laws related to restrictions on political, lobbying, and advocacy activities. Given these circumstances, it is incumbent upon the Internal Revenue Service to better educate funders in the public, private, and nonprofit sectors about actual policy as it relates to these issues. With this information in hand, funders might begin to view advocacy as a core component of all nonprofit activities and become more proactive about funding opportunities for nonprofits to engage in advocacy.

Past scholarship has examined the role of retrenchment and devolution in the development of nonprofit funding strategies. One of the main outcomes of retrenchment and devolution has been the increased emphasis on the diversification of funding in the nonprofit sector. Funding diversification poses many risks to the scope of advocacy in nonprofits. Among these is the risk of organizations being compelled to shift resources away from advocacy in order to sustain funding from multiple sources. This strategy can bring additional revenue to a nonprofit, but this can sometimes come at the expense of the organization's mission. This study found some evidence of funding diversification among nonprofit advocacy organizations. However, government remained the predominant source of revenue for most organizations, accounting for 43.7% of revenues. Although retrenchment and devolution has been the trend during the past four decades, the full effects of this shift have not been realized.

Moreover, the second largest source of revenue for advocacy organizations (13.3%) was from membership dues and individual contributions. This was followed by revenue from foundations at 12.8%. This indicates that the initial response to retrenchment and devolution has been as much from grassroots supporters of advocacy organizations as it has from institutions in the private and philanthropic sectors. Consequently, the replacement of government philanthropy with a nonprofit industrial complex is not a forgone conclusion. Grassroots interests still claim a stake in the future of nonprofit advocacy organizations. Despite hypotheses forwarded by nonprofit industrial complex theorists, the current composition of funders that advocacy organizations draw resources from indicates that the future is not yet set. What is known is that the diversification of funding places added demands on nonprofits. This means that funders in the public, private and nonprofit sectors need to include greater levels of operational resources in the grants and contracts made available to nonprofits. In addition to operational resources,

fundors need to focus more on capacity building so the requisite training and skills to administer grants and contracts are accessible to nonprofits.

Past scholarship has also examined the issue of resource dependency in the nonprofit sector. There has been mixed evidence for resource dependency, with some studies indicating that nonprofits can be co-opted by funders and others finding that organizations enjoy a relative degree of autonomy. This study also found mixed evidence for resource dependency. The nonprofits surveyed perceived pressure from government to reduce the scope of advocacy, but this pressure was counteracted to some degree by perceived support for advocacy from individual contributors. Foundations were also perceived as somewhat neutral about the advocacy activities of nonprofits. Yet, nonprofit advocacy organizations were constrained due to the lack of actual funding for advocacy programs. The dearth of funding for advocacy activities structured the environment nonprofits functioned in and added to the penchant for pursuing programmatic activities.

In addition to a need for expanded funding for operating support and capacity building, these findings indicates that there is a need for a more balanced approach to funding programmatic and advocacy activities. Public, private and nonprofit sector funders need to nurture a culture of advocacy by integrating advocacy activities into the programs they currently fund. On top of expanding funding for advocacy activities, funding organizations need to institutionalize safeguards to insulate nonprofit advocacy organizations in the funding process. In order to reduce the possibility that the advocacy activities of nonprofits will detrimentally impact funding decisions, all funders should professionalize their grant administration processes. In essence, this would entail the adoption of practices like double blind peer review of grant proposals, independent evaluations of program outcomes, and the administration of funding activities by professional administrators rather than by board members, trustees, and elected officials.

There is a need for increased advocacy in the nonprofit sector. In addition to implementing social welfare and other programs in a policy environment shaped by retrenchment and devolution, nonprofits can serve as incubators for policy innovation and a means to connect grassroots interests with policymakers. Without a strong advocacy dimension, nonprofits run the risk of being reduced to a contingent force of subcontractors for funders in the public, private and nonprofit sectors. An alternative view would entail the promotion of advocacy as a core value in a new social compact based on expanded grassroots access to the policy process.

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ⁱ African-American advocacy organizations reported 17.5 for the median number of staff, however the mode for this group was 0 staff with 41.1% of African-American advocacy organizations falling in the mode.

ⁱⁱ Chi-Square tests for significant differences between the types of nonprofit advocacy organizations on these measures could not be conducted due to insufficient cell counts in the cross-tabulation tables.