

Decision Making and Advocacy Planning by Nonprofit Organizations

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1. General Background Information

The purpose of this simulation is to provide students with an introduction to nonprofit decision making, with a focus on advocacy. Each student group will act as members of the board for an organization which has decided to engage in advocacy, a broad category of activities which focus on supporting changes for individual clients and/or communities. Over the course of the simulation, the students will learn about the strengths and limitations of advocacy work for a 501(c)(3) organization, the complexities and zero-sum nature of nonprofit budgeting, and the sometimes chaotic nature of nonprofit management.

This simulation is 1 hour 20 minutes long, though it can be longer if time allows, divided into four parts (See Section 4). The first three parts of the simulation are for the planning and responding to changes, while the fourth part is for discussion and reflection.

The students will all get two worksheets (See Section 3). The first worksheet is an advocacy cheat sheet, telling students what nonprofits can and cannot do in terms of advocacy work. The second worksheet provides each group with a different nonprofit, along with questions the students will be answering during this simulation. There are three nonprofits in this simulation and depending on the class size, multiple groups may play as the same nonprofit organization. The nonprofit organizations in this simulation represent diversity in rural/urban/suburban settings, type of services provided, and budget, allowing students to see how these differences

impact decisions. During this simulation, students should get an idea of how nonprofit organizations create advocacy plans and make decisions.

2. What students should know coming into this simulation.

This simulation is used to show the complexity of advocacy work and decision making within a nonprofit organization, but can be used in other lectures, such as nonprofit management or budgeting. Provided in the simulation is a worksheet which will give students guidelines on what advocacy work can be done. The **key learning objectives are:**

- a. Identify local stakeholders and create partnerships.
- b. Understand the ways in which nonprofits respond to changes from external forces.
- c. Explore how nonprofit organizations plan advocacy initiatives.
- d. Consider the ways that people within nonprofits work together to respond to challenges.
- e. Understand how nonprofit organizations make decisions in an ever-changing landscape.

3. Materials

Below are the materials for this simulation. Worksheet 1a (Advocacy Cheat Sheet) should be given out to all of the students. Worksheets 2a, 2b, & 2c (Cases) provide the cases that each student groups will use as well as worksheets for the groups to fill out.

Worksheet 1: Advocacy Cheat Sheet

What is advocacy?

Advocacy encompasses a large number of activities, such as:

- Grassroots organizing, or building support from the ground up through activities such as mobilization campaigns.
- Public Education, such as providing information on services, programs, and issues to the general public.
- Position Papers, or writing specific documents which explains an issue.
- Participating in Coalitions, where a group of nonprofits work together toward a common goal.
- Litigation and Boycotts, using the courts and public opinion to create change.

What is lobbying?

According to the IRS: “Direct lobbying refers to attempts to influence a legislative body through communication with a member or employee of a legislative body, or with a government official who participates in formulating legislation. Grass roots lobbying refers to attempts to influence legislation by attempting to affect the opinion of the public with respect to the legislation and encouraging the audience to take action with respect to the legislation. In either case, the communications must refer to and reflect a view on the legislation.”¹

How much advocacy can a 501(c)(3) do?

All 501(c)(3) organizations can do a limited amount of advocacy. Those who would like to do more can take a 501(h) election (described below). All 501(c)(3) organizations can:

- Work on voter registration, engagement, education, and participation.
- Engage in SOME lobbying (though the amount is not clearly defined) as long as the lobbying is an insubstantial part of their work. The lobbying needs to connect to their mission.
- The Johnson Amendment (1954) prevents 501(c)(3) organizations from specifically endorsing a candidate.

What is a 501(h) election?

Some organizations chose to take a 501(h) election. This allows for an organization to do a higher level of lobbying. To take this election, an organization must first fill out the Form 5768: *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation*.

Below is the amount a nonprofit can spend on lobbying if a nonprofit organization takes the (h) election²:

If the amount of exempt purpose expenditures is:	Lobbying nontaxable amount is:
≤ \$500,000	20% of the exempt purpose expenditures
> \$500,000 but ≤ \$1,000,000	\$100,000 plus 15% of the excess of exempt purpose expenditures over \$500,000
> \$1,000,000 but ≤ \$1,500,000	\$175,000 plus 10% of the excess of exempt purpose expenditures over \$1,000,000
> \$1,500,000 but ≤ \$17,000,000	\$225,000 plus 5% of the exempt purpose expenditures over \$1,500,000
> \$17,000,000	\$1,000,000

¹ Information from <https://www.irs.gov/charities-non-profits/direct-and-grass-roots-lobbying-defined>

² Information from <https://www.irs.gov/charities-non-profits/measuring-lobbying-activity-expenditure-test>

Workshop 2a: Case 1

You run a homeless shelter based out of Paducah, Kentucky with an annual budget of approximately \$1.3 million. Your organization provides shelter for families as well as single women and men. You would like to expand your shelter into areas which are closer to the schools in your town, but that area is not zoned for a homeless shelter. Furthermore, due to decreased revenue, the state legislature is talking about cutting programs which fund homeless services. Specifically, they are cutting the amount they fund homeless shelters, food pantries, and support services for students who are homeless. Lastly, on a national level, the federal government is discussing cuts to Medicaid, a government health insurance program for people with limited income.

What are the needs of the community?	
What do you lobby for? How did you make these decisions?	
What will the budget be for advocacy?	
How would you reach out to volunteers? What would you expect them to do?	
What other organizations in the area would you work with? Identify specific organizations.	
Who would you reach out to. Identify specific people, including lawmakers, who you would aim to connect with.	

Worksheet 2b: Case 2

You run a small health clinic with a budget of \$500,000 a year, serving Holmes County, Mississippi. You are one of the main healthcare providers in this rural county. You mostly receive state government grants and Medicaid, a government health insurance program for people with limited income, to support your work. Due to budget cuts, the state is considering cutting services, though has not specified what it will cut yet. Furthermore, many people within your county do not have Medicaid, meaning many people who need your services are unable to get services.

What are the needs of the community?	
What do you lobby for? How did you make these decisions?	
What will the budget be for advocacy?	
How would you reach out to volunteers? What would you expect them to do?	
What other organizations in the area would you work with? Identify specific organizations.	
Who would you reach out to. Identify specific people, including lawmakers, who you would aim to connect with.	

Worksheet 2c: Case 3

You work for an inner city after school program in Detroit, Michigan with an annual budget of \$2.8 million. Most of your students live below the poverty line and a significant portion of your students are kids of color. Recently, you found out that there is a high amount of lead in the local water. Furthermore, the city government is running out of money and thinking of cutting the school budget, which will mean losing teachers and impact class size and instruction for the students. The state is considering getting rid of free lunches, which most of your students receive, as well as government support for energy costs for families who need it. Furthermore, there was a recent police shooting of a 15 year old Black kid, which has many in your community nervous. Relationships between the police and the Black community are at an all-time low.

What are the needs of the community?	
What do you lobby for? How did you make these decisions?	
What will the budget be for advocacy?	
How would you reach out to volunteers? What would you expect them to do?	
What other organizations in the area would you work with? Identify specific organizations.	
Who would you reach out to. Identify specific people, including lawmakers, who you would aim to connect with.	

4. Teacher Instructions

The professor will start off by breaking the students up into groups based on the size of the class. The professor can then hand out the advocacy cheat sheet as well as the appropriate group paper. The professor should remind the students that they should focus on specific details. For example, it's not enough to say that they will reach out to a state legislature. Instead, have the students specify which legislator(s) represent that community? Who would have been more receptive to building a coalition with your nonprofit and why? The students should bring in some sort of internet-connected device (laptop, tablet, etc.) to class to be able to do research necessary.

Approximately 20 minutes into the simulation is the first twist. The facilitator should announce that the stock market has crashed and this will impact state budgets. Specifically, states will not be getting the same tax revenue that they had budgeted for and will have to make cuts. The extent of the tax cuts is unknown at this time. This will impact all of the services of the organizations in this simulation and the groups need to worry about their organizations losing money and their clients might lose services and supports. Students should consider how this change would impact their advocacy plan.

Approximately 20 minutes later (the 40-minute mark), the professor will give another twist to each group. Specifically:

For Group 1: Did you hear that another local homeless shelter closed down? You are going to have a lot of new clients to serve.

For Group 2: Your biggest donor died. He left you \$50,000 in the will but his family won't be giving you more money.

For Group 3: Did you see the racist tweets from your Executive Director that were just dug up? You are now in crisis mode.

At the end (the 60-minute mark), the professor will bring the class together to discuss what they decided and their experience. This can be a free form discussion to explore how the students made decisions as well as how they felt during the process. Discussion questions can include:

- How did engage in discussions as a group? Did these dynamics change throughout the activity?
- What was your scenario and what twists were thrown your way?
- Which people/organizations did you decide to reach out to and why?
- Which people/organizations did you decide NOT to reach out to and why?
- How did you deal with the twists which were thrown your way?
- Did the changes you were given impact or how much you would advocate or your budget?
- How did you make the decision which your group made?
- What did you discuss but decide not to do? Why?

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Teaching Note

1. Game Variations

The game presented provides three scenarios which can be used. The purpose of these scenarios is to provide diversity in the type of organization, the location (both in different parts of the US as well as urban and rural localities), and the size of the organization. Additional organizations can be created by the professor for larger classes. Furthermore, multiple groups can have the same case study. This allows for students to see how the group of people can make different choices about decisions based on complex tasks.

2. Resources and Readings

Nonprofits in this simulation:

This game includes nonprofits in various fields and geographic areas. Each area (Holmes County, Mississippi; Paducah, Kentucky; and Detroit, Michigan) present unique challenges. Though all three have high levels of poverty, access to resources differ as Holmes County is more rural, while Detroit is more urban and, therefore, has more nonprofits working to help local families. Histories of racism and segregation, as well as present-day legacies thereof, have negatively impacted BIPOC families in all three of these counties as well. During this simulation, teachers can help students understand how rural nonprofits and nonprofits in smaller cities, such as Paducah, have unique issues, such as a lack of public transit within their communities. Also, segregation and racist policies, both state-wide and federally, have negatively impacted states and cities such as Detroit and Holmes County. Students can research

how these issues of resources, public transit, and government-sponsored racism may impact the communities today and the way nonprofits may work within these communities.

Advocacy:

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Reframing Nonprofit Organizations: Democracy, Inclusion, and Social Change. Irvine, CA: Melvin & Leigh

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Guo, C., & Saxton, G. D. (2014). Tweeting social change: How social media are changing nonprofit advocacy. *Nonprofit and voluntary sector quarterly*, 43(1), 57-79.

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Nonprofit Quarterly. Retrieved from <https://nonprofitquarterly.org/yes-can-nonprofit-advocacy-core-competency/> on 26 Feb 2020

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Decision Making

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Markham, W. T., Johnson, M. A., & Bonjean, C. M. (1999). Nonprofit decision making and resource allocation: The importance of membership preferences, community needs, and interorganizational ties. *Nonprofit and Voluntary Sector Quarterly*, 28(2), 152-184.

Rosenbloom, D.H., Kravchuk, R.S., & Clerkin, R.M. (2015) "Decision Making" in *Public Administration: Understanding Management, Politics, and Law in the Public Sector*. New York, NY: McGraw Hill Education. pp. 323-361

Rubin, I.S. (2006) "Budgetary Decision Making and Politics" in *The Politics of Public Budgeting: Getting and Spending, Fifth Edition*. Washington, DC: CQ Press. pp. 281-301

Budgeting

Finkler, S., Smith, D.L., & Calabrese, T.D. (2020) "Planning for Success: Budgeting" in *Financial Management for Public, Health, and Not-for-Profit Organizations, Sixth Edition*. Thousand Oaks, CA: Sage Press. pp. 25-80

Marks Rubin, M., & Bartle, J. R. (2005). Integrating gender into government budgets: A new perspective. *Public Administration Review*, 65(3), 259-272.

Swaboda, D. & Swaboda, G. (2016) “The Underpinnings of Financial and Fiscal Operations” in Ott, J.S. & Dicke, L.A. (eds) *Understanding Nonprofit Organizations: Governance, Leadership, and Management, Third Edition*. Boulder, CO: Westview Press. pp. 272-280

Thomsett, M.C. (1988) *The Little Black Book of Budgets and Forecasts*. New York, NY: American Management Association

Weikart, L.A., Chen, G.G., & Sermier, E. (2013) “Budgeting as Part of the Planning Process” in *Budgeting & Financial Management for Nonprofit Organizations: Using Money to Drive Mission Success*. Washington, DC: CQ Press. pp. 17-50

3. Timeline

Below is the timeline for this simulation. The timeline can be manipulated based on the length of the class session and number of students.

0:00: Divide the class into groups of 3-5 students. There are three case studies in this simulation, but multiple groups can have the same case study. Inform the students that it is expected that they provide as many details as possible. For example, instead of saying “We will reach out to local state senator’s offices”, tell the students to specify which politicians. What ways will they reach out?

0:20: Make an announcement that the stock market has crashed and, therefore, all of the of the states in this simulation will not be getting as much money from taxes as planned. In the next couple of weeks, the state governments will meet to discuss cutting services. How does that affect your planning?

0:40: Inform each group about their individual issues. Note that each group has a different issue that they have to respond to.

For Group 1: Did you hear that another local homeless shelter closed down? You are going to have a lot of new clients to serve.

For Group 2: Your biggest donor died. He left you \$50,000 in the will but his family won't be giving you more money.

For Group 3: Did you see the racist tweets your Executive Director sent out? You are now in crisis mode.

1:00: End the simulation. Provide, at minimum, 20 minutes for discussion. Discussion questions can be found in Section 4.

4. Discussion Questions

Below is a list of questions which can lead the discussion.

- How did engage in discussions as a group? Did these dynamics change throughout the activity?
- What was your scenario and what twists were thrown your way?
- Which people/organizations did you decide to reach out to and why?
- Which people/organizations did you decide NOT to reach out to and why?
- How did you deal with the twists which were thrown your way?
- Did the changes you were given impact or how much you would advocate or your budget?
- How did you make the decision which your group made?
- What did you discuss but decide not to do? Why?