

# To Save American Democracy, Donors Should Trade Tax Breaks for Political Wins



Shay Horse, NurPhoto, Getty Images

President Donald Trump's supporters stormed the U.S. Capitol on January 6, 2021, breaking windows and clashing with police in protest of the ratification of President-elect Joe Biden's Electoral College victory.

One year ago today, the nation watched a violent insurrection overtake the U.S. Capitol and strike at the heart of American democracy. The images from that frightening day — Confederate flags, a hangman's noose, a rolling wave of white nationalist signs and symbols — were an unmistakable reminder that the country's democracy is under attack from within.

But what transpired on January 6, 2021, was just a prelude: the most visible battle of an ongoing and highly orchestrated war on U.S. democratic

institutions that continues to rage today. Michigan's secretary of state, Jocelyn Benson, recently [called it](#) "a five-alarm fire," adding that "if leaders and citizens aren't taking this as the most important issue of our time and acting accordingly, then we might not be able to ensure democracy prevails again in 2024."

Time is running out and the stakes are getting higher. With the 2022 midterm elections on the horizon, the United States is facing an all-hands-on-deck moment.

Yet many donors and philanthropic institutions that fund progressive groups are showing up with one hand tied behind their backs. While donors on the right are maxing out on political funding, those on the left are barely getting started. Since 2008, political nonprofits have received more than \$1 billion in donations, with the [majority of that funding](#) going to conservative groups. Major election losses and further damage to our democracy are likely if progressives don't move quickly to correct this imbalance. It's time for individual donors and philanthropies that can legally give to advocacy nonprofits to trade the tax breaks they receive for giving to charitable organizations for the political wins they can achieve by supporting advocacy groups.

The philanthropic emphasis on supporting 501(c)(3) organizations over advocacy groups is rooted in history — and good intentions. For decades, progressives have largely focused on the courts and movement building, including organizing, lawsuits, and education. These essential long-term efforts are designed to shape political successes into law and provide fuel for grassroots organizations to organize. They are overwhelmingly funded by grant makers directing millions of dollars to 501(c)(3) groups barred from participating in the political process.

## **No Money to Fight Immediate Battles**

Here's the problem: While such strategies are critical for long-term

movement building, the reliance on (c)(3)s as the core — and often exclusive — funding strategy of major donors and philanthropies creates a serious disadvantage for progressives. It deprives them of the immediate fuel needed to fight back directly against mounting right-wing assaults.

These assaults include attacks from state legislatures on the electoral system, voting rights, reproductive access, and public education in some of the most electorally significant areas of the United States. To drive these efforts, conservatives consistently and successfully weaponize 501(c)(4) organizations, which, unlike (c)(3)s, can engage in direct political advocacy and endorse specific candidates. While investments in these groups aren't tax deductible, they can have enormous impact and are being activated right now to infringe on fundamental human rights such as health care, education, and housing — and to undermine election systems.

Conservatives are hard at work installing people to state election boards and elected offices across the United States who support former President Trump's Big Lie that he won the 2020 election. In Wisconsin, groups such as [ALEC Action](#) — the advocacy partner of the nonprofit American Legislative Exchange Council — are using their [influence and dollars](#) to coordinate campaigns to dismantle the state's election system and alter its voting laws to bolster Trump's false election-fraud claims.

This has happened before. In the 2012 and 2014 elections, progressives were caught flat-footed by the hundreds of millions of dollars that conservative 501(c)(4) groups such as [Crossroads GPS](#) and [Americans for Prosperity](#) flooded into electoral races and legislative battles. The right's investment in political battles was ultimately successful. The strategy helped conservatives win the Senate, denied President Obama a Supreme Court nomination, and laid the foundation for a Trump victory in 2016.

## **The NAACP's Transformation**

Fortunately, progressives are starting to learn the lesson. The 2020 and

2018 elections proved that when progressives robustly fund politics through (c)(4) organizations and use conservatives' own playbook against them, they can win. The NAACP, for example, [transformed itself entirely from a \(c\)\(3\) to a \(c\)\(4\)](#) in order to engage in more extensive political activity and lobbying. During the 2020 elections, donations to the NAACP were used to pay for political advertising and digital campaigns focused on Black Americans and a vigorous mobilization operation that capitalized on racial-justice protests to turn out Black voters.

State-based groups in Georgia, such as the [New Georgia Project Action Fund](#), used (c)(4) funding to increase civic participation among people who are often marginalized and support an aggressive organizing strategy that helped elect two Georgia Democrats to the U.S. Senate — the first statewide victories for the party since 2005.

Buoyed by such successes, a [growing number](#) of progressive (c)(4) organizations have emerged in the past five years. But these groups need much higher levels of support to sustain and expand their work.

At a time when American democracy is facing so many threats, a strict focus on 501(c)(3)'s — and an avoidance of direct involvement in political campaigns — is no longer enough. For major individual donors, the path is clear to give much more to political advocacy.

But good options are also available to foundations. For instance, private family foundations that continue to receive donations from living family members can use those funds to create an affiliated 501(c)(4) that directly supports political advocacy. A good example is the Heising-Simons Foundation, which recently created an [action fund](#) to support advocacy groups that work on causes the foundation supports with its grants — civic engagement, climate, education, and human rights.

If creating a separate advocacy fund isn't an option, many philanthropic organizations, such as community foundations and other grant-making

charities, can use their lobbying dollars to fund nonpartisan 501(c)(4) work, including state and local ballot initiatives.

To effectively respond to a true emergency, grant makers need to deploy every tool available to them, including new funding strategies. Donors must come together quickly to mobilize new investments in 501(c)(4) groups that are at work every day confronting threats to American democracy. With everything on the line, we need to show up with everything we've got.