Charities Urged to Step Up Advocacy Efforts

By Michael Theis
Chronicle reporter

Only 3 percent of nonprofits reported lobbying activity last year, according to a new report that urges charities to step up their advocacy efforts in an era when government cuts are squeezing their finances.

The report from the National Council of Nonprofits, titled Nonprofit Impact Matters, calls on policy makers and nonprofit advocates to carefully consider the impact of government policy on charities, which are struggling to serve their constituents in an age of declining individual contributions and the threat of state and federal funding cuts for social programs.

"Common sense says that if 97 percent of nonprofits are passive, sitting quietly and politely on the sidelines, not standing for or speaking out for their missions, then nonprofits are ceding the playing field to others who will influence decisions by policy makers, potentially endangering nonprofits’ missions and the people and communities they serve," reads the report.

Charities are allowed to lobby, but they face significant restrictions, and many say the limits are unclear. However, Rick Cohen, chief operating officer at the National Council of Nonprofits, says the laws aren’t as difficult to navigate as many charities have been led to believe.

“‘There are long-held myths out there that nonprofits can't lobby,” he says. “Those get spread a lot of times even by attorneys and accountants who serve on nonprofit boards.’”

The report notes that most of the nation’s 1.3 million charities operate on shoestring budgets. Only 8 percent reported expenses of more than $1 million, and only 3 percent reported expenses of more than $5 million, according to 2016 IRS data.

Meanwhile, 55 percent of nonprofits either reported no expenses or had gross receipts of less than $50,000 a year; 88 percent spend less than $500,000 in annual operating costs.
Other data from the report:

- 49 percent of charity revenue is earned through private fees for service.
- 31.8 percent comes from government grants and contracts.
- Private donations make up a relatively small chunk of charity revenue, only 14 percent. The largest part of that comes from individual gifts, which account for 8.7 percent of nonprofit revenue. Foundation grants account for only 2.9 percent, bequests for 1.5 percent, and corporate contributions less than 1 percent.

Michael Theis writes about data and accountability for the Chronicle, conducting surveys and reporting on fundraising, giving, salaries, taxes, and more. He recently surveyed pay packages at charities and found wide disparities in base salaries and bonuses among nonprofit causes. Email Michael or follow him on Twitter.

Note: This article has been updated with comments from Rick Cohen of the National Council of Nonprofits, and a paragraph about nonprofit lobbying restrictions has been clarified.