Case Study: MAKE THE ROAD

Developing a Membership Model that Builds the Power of Immigrant and Working Class Communities
Make the Road New York was founded in 2007 when two New York City nonprofits serving immigrant and working class communities merged, creating the largest nonunion immigrant membership organization in the state. In 2018, the organization provided legal services to over 25,000 people. The majority of Make the Road’s members, clients and students are Latinx, Spanish speaking immigrants and Puerto Rican families. They also represent African Americans, AfroCarribean and Asian communities living in New York City.

The organization’s mission is to build the power of immigrant and working class communities to achieve dignity and justice. They do this through four key strategies: 1) community and worker organizing; 2) provision of legal and survival services, 3) transformative education, and 4) policy innovation.

Deborah Axt, has been with the nonprofit for the last 18 years, and has served since 2012 as Co-Executive Director. During this time, she and her co-director, Javier Valdes, have helped Make the Road achieve significant victories. They supported the successful movement to make New York Pension Funds and then JPMorgan Chase, Wells Fargo and other banks divest from private prisons and immigrant detention centers. They have won dozens of legislative and policy campaigns at the city, state and federal level, including leading the successful effort to win passage of New York’s Wage Theft Prevention Act, helping to lead the campaign to win the NYS Dream Act, and many other campaigns on housing, public education, policing, climate, workers rights, immigration and healthcare access.
To support this work, Deborah, Javier and their team at Make the Road have developed a robust and diversified funding model. In 2019, the organization’s overall budget is projected to be $19.8 million. The vast majority comes from government and foundation grants. Small percentages also come from unions and other entities, individual donors and special events. They also generate some income (about $200,000) each year by winning legal cases or collecting fees from clients who are paying modest fees for Make the Road classes or services.

Yet, the organization has found that winning large grants is not enough. They’ve also invested in developing a membership model, where they collect dues from the over 23,000 immigrant and working class people living across New York City, Long Island, and Westchester who have decided to become members of the organization. This is an impressive number of members, yet dues cover a relatively small portion of their overall budget.

“Our member dues this year are projected to be $90,000,” Deborah explains, “We also do some voluntary fundraising from members who attend our English classes or want to contribute more to the organization, and that ends up being about $50,000 more. Between our member dues and member contributions, it’s a pretty tiny percentage of our overall budget, but we still think it’s critical.”

“Flexible Funding is Absolute Gold”

Make the Road has learned that revenue from their membership model—although a tiny portion of their overall budget—is a valuable source of unrestricted funding. In fact, it has proven to unlock their ability to pursue other grant and government funding.

“Any sort of flexible funding is absolute gold,” Deborah explains, “At this point, government and even foundation funding often comes with cash flow challenges. It doesn’t usually pay us in time to foot the bill and actually pay staff time. Second, even the best sources of government funding leave about 20% of the work unfunded. By this I mean that when we’ve done an analysis, we’ve realized that the typical government contract leaves about 20% of our costs associated with the work unfunded. So a relatively small slice of money, either from membership dues or flexible foundation money, is critical. It gives us the leverage to increase our program size substantially by basically allowing us to access additional government money that we wouldn’t be able to accept otherwise because it would put us into a deficit. From a funding perspective, those are all pieces of why this earned income is critical beyond its size.”
Even more fundamentally, Make the Road believes that generating this earned income directly from members is imperative in that it creates deep ownership by members of the organization, and ensures that staff leaders are held accountable directly to members who live and work in the communities that Make the Road serves. As dues-paying members, their students, members and clients become a powerful funding constituent.

Deborah explains, “Our board is elected directly from our membership. [Our earned income] is the only money our board can completely control, so that is a structural way we make sure that our staff, our executive directors, and all of our program work is accountable to our members. We want our members to have the experience of owning and leading the organization.”

Make the Road’s membership model continues be strategically valuable. Yet, the organization has learned many critical lessons over the years about the opportunities—and costs—of continuing to operate it.

Experimenting with Pricing Structures

“In the very early years of Make the Road, we established the cost of membership as being $120 for life,” Deborah recalls. In hindsight, the organization recognized that putting this very low price on membership and guaranteeing it in perpetuity was a mistake.

“Several years ago we had a conversation with our board about how we could increase the resources coming in through the membership model. It was a huge battle because people rightfully felt that they had paid $120 and that had guaranteed them access for life. We had to do a lot of work to create a recurring dues structure. So now we have a slightly complicated structure where, in your first two years as a member, you pay $120 and then it is $20 a year thereafter.”

Make the Road’s sister organizations benefited from these lessons and launched their membership models at slightly higher price points—which have proven successful. “By and large, they were able to set dues at $10 a month, so that’s a higher annual level. They’ve found that to be generally a realistic number in terms of commitment they can expect from their membership base,” Deborah says.

Deborah advises other organizations looking to build a membership model to “study models where people have invested in building their own organizations. Many organizers are stuck in the assumption that movement organizations must be foundation funded; which tends to push us to ask too little of people. We got a long way when we studied Cesar Chavez and his approach to raising member dues in the farmworker movements. Unions are also a big example of how working people build their own organizations and fund them.”
Accounting for the Administrative Costs of Collecting Member Dues

Make the Road has also realized that collecting dues from working class people on a regular basis involves a great deal of logistical details. They found it was important to account for the administrative costs a membership model can entail.

This was particularly true for Make the Road because a significant percentage of their members are unbanked, meaning that they do not have access to credit cards or bank drafts. “We work a lot with cash,” Deborah says, “We end up doing a lot of periodic membership drives where we dig in and get people to catch up on their dues. However, we quickly realized that we should just make this a $20 payment instead of a $24 payment because, logistically, that meant people could just pay with a $20 bill and we didn’t have to make change. We’ve had to learn the hard way how to make the model more feasible for us.”

In previous years, they established a partnership with the Bushwick Cooperative Credit Union, which helped their members become banked at a credit union, secure a microloan, and pay their Make the Road dues all at the same time. This partnership was very successful because it not only helped connect members to valuable banking services, but also increased Make the Road’s collection of dues by 50%. But the partnership was short-lived.
"Basically we just grew to the point that the credit union’s geographic scope didn’t match ours, and we never found another banking partner to continue that program. However, it was a valuable experiment and did help facilitate collecting a much higher percentage of dues dollars,” Deborah says.

Make the Road has been exploring other way to make dues payments more seamless for their members. For example, New York City has a provision where fast food restaurants can get charitable contributions deducted automatically from their paycheck. “We think that’s an interesting model, but we haven’t totally figured out what we think about it,” Deborah says. They are actively looking for solutions that could be as convenient as possible for their members, but also ensure that their members are still active decision-makers who are voluntarily contributing on a recurring basis.

Evaluating Other Fee-For-Service Opportunities

To complement the membership model, Make the Road has also analyzed the feasibility and viability of offering complementary services their members would pay for.

“We have done real analysis of legal services and other services that didn’t always require direct involvement of a lawyer,” Deborah says, “We have looked at what our members would pay for and how we could offer services at a better rate than they could get elsewhere and have it be a more trustworthy.”

For example they looked at whether they could help facilitate that transmittance of remittances back to member’s home countries. “Then the banking laws changed and became even more complicated. We ultimately just decided that the regulatory complexity didn’t make it worth doing,” Deborah explains.

They also looked at services like translation and interpretation of documents. “People would pay for these services because they would get things in the mail and it would be really hard to read them. For example, people might get a jury summons and not know what it meant. So we saw all of these legal and other services we could provide that did not always require a lawyer. However, ultimately, we decided we didn’t really want to build out the infrastructure to support these services. We ended up making the strategic choice to minimize our involvement in those types of cases.”

Make the Road has also experimented with offering some paid legal services that do leverage staff lawyers. For example, at one of their offices, they have at certain times in their history offer paid immigration law services, at substantially cheaper rates than market alternatives. They have also done legal
services in wage theft cases where they have a contingency retainer, just like a private attorney would, but it is only 15% instead of the going rate of 33-40% for private attorney representation.

However, offering this mix of paid services and free services to the same membership base has sometimes proved challenging—not because their members object, but because other funders, including government and foundations—often are strongly opposed to charging beneficiaries in any way for legal services.

“We’ve tested out paid fee-for-service models and really believe in those kinds of models, but the mindsets around charitable giving and government funding make it really, really difficult to comingle an approach where you collect fees from people who are willing and able to pay, with a model where other services are available free of charge,” Deborah says, “There are definitely cases where we think charging for services would be financially viable, but there have been restrictions—especially on the part of the government. Foundations also have a real discomfort if we are offering an array of immigration legal services and a select set of those services will have a fee attached. There is a fetishization of free legal services in many parts of the field that causes a real problem. It creates a really frustrating and undermining dynamic where people in frontline communities are in effect blocked from building and resourcing their own organizations.”

Make the Road has also learned that they need to carefully evaluate the organizational feasibility of adding new services to their repertoire: “Things that look like promising fundraising paths are often not covering the staff time it takes to set them up,” Deborah says, “We have to be really careful to track staff time because there is a tendency to spend more staff time than it’s worth. You have to figure out how to prioritize those things, and it’s really important to be rigorous about it.”

Connecting a Membership Model to a Larger Theory of Change
Ultimately, Make the Road has decided to strategically frame their membership model as an offering that connects people to community, leadership development, and the opportunity to be a part of a bigger movement.
“We’ve been working to get away from marketing our membership model as something to join because you’ll get access to services,” Deborah says, “We’re a base-building, power-building organization. We don’t want to just be selling services. We want to offer wraparound support.”

“For many years, there was a tendency for some of our organizers to go out on the street and say, Oh, you’re experiencing wage theft, I can connect you to a lawyer if you become a member. For many years, we did limit some of our services to active members of the organization. But we decided to make all of our services available to everyone, regardless of their membership status. We did that in part because of the complexity of managing different funding streams where there was a problem if we appeared to be charging for a service in some way. However, we also wanted to get away from the tendency of bringing people in the door solely for services. We want people to become paying members from a place of wanting to build an organization that has real power. The dynamic surrounding how people decide to join and invest in that organization really matters. We wanted to create an organization where we are accountable to the broader immigrant and working class community, without any dynamics that would push us towards protecting a narrow class of paying members.”

Ultimately, the organization has built a value proposition that keeps members engaged for many years. Instead of just interacting with the organization whenever they need a legal document drafted or something contested in court, members have much deeper ties to Make the Road that keeps them engaged and paying dues.

“I think there is something about the mix of services and support at Make the Road that works to keep people around for many years. Our staff and our members often talk about Make the Road as their second home. We’ve worked on investing in that experience. This is a place you come for safety, respect, to learn, to grow, to invest in becoming a leader yourself as opposed to this place you come when there is an emergency. Of course, it is still also true that this is a place where you can come if you have an emergency. You will be able to find lawyers here who are the best lawyers. You will be able to find advice on what to do during Trump’s presidency that you can trust. This trustworthiness and ability to intervene in emergency moments in people’s lives matters a lot in creating that feeling. But the larger experience we’re trying to create for members is a feeling of having a second home where you’re doing more than just surviving--where you’re taking action, connecting with people around you in something that’s larger than us--that’s the thing people stay for. That’s what makes this membership model work.”
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Questions to Consider

• In your own words, try to describe the type of earned income model that Make the Road has developed. Who are the customers? What is the business model? What is the social impact goal?

• In your opinion, what factors have made Make the Road’s membership model successful?

• What lessons did they learn when developing this membership model that might be relevant to your own work?

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Case Study Written by Amy Ahearn of Acumen, April 2019. Thanks to Deborah Axt who generously contributed insights to produce this case.

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