

# UNDERSTANDING THE IMPACT OF COVID-19 ON THE LGBTQI MOVEMENT



## This report was authored by:

### **Movement Advancement Project**

MAP's mission is to provide independent and rigorous research, insight and communications that help speed equality and opportunity for LGBT and all people. MAP works to ensure that all people have a fair chance to pursue health and happiness, earn a living, take care of the ones they love, be safe in their communities, and participate in civic life.

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## UNDERSTANDING THE IMPACT OF COVID-19 ON THE LGBTQI MOVEMENT

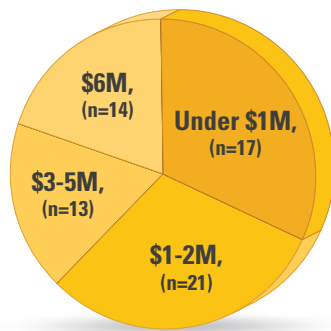
As the COVID-19 pandemic continues to challenge the United States and the world, the impact on the nonprofit sector in the United States is becoming clearer. An analysis of more than 233 nonprofits found that 73% reported a drop in revenue, with many organizations finding the uncertainty of the current moment making it difficult to plan for the short and long term,<sup>1</sup> while another survey of nearly 300 organizations found that 64% cut program services as a result of the pandemic.<sup>2</sup>

For 16 years, the Movement Advancement Project (MAP) has conducted annual surveys of the nation's leading LGBTQI social justice organizations as well as LGBTQ community centers. Building on this expertise, in March 2020 and continuing through June 2020, MAP conducted several surveys of LGBTQI and allied social justice organizations to understand the impact of COVID-19 on these organizations' financial projections and stability with a focus on revenue and expenses, cash reserves, relief sources, and short-term and long-term planning.

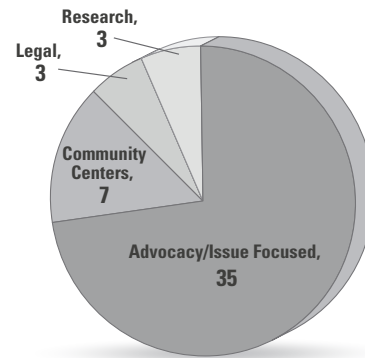
## PARTICIPANTS

In total, 56 organizations participated in the April survey and 47 participated in June (38 participated in both surveys), with the majority of organizations being focused on the LGBTQI community. Of the LGBTQI organizations, the majority were advocacy or issue focused. Organizations ranged in budget size with more than half (58%) having budgets of \$2M or less.

**Figure 1: 2020 Original Projected Budget for Participating Organizations**  
All Participating Organizations (n=65)



**Figure 2: Focus of Participating Organizations**  
LGBTQI Organizations (n=48)



17 allied organizations also participated

## PROJECTED IMPACT OF COVID-19 ON REVENUE

In April 2020, organizations predicted substantial drops in fundraising and program revenue, including roughly 25% decreases in both corporate giving and individual giving and more substantial projected declines in fundraising events and program income. If they come to fruition, these projected declines across all participating organizations would result in \$24.1 million in lost revenue.

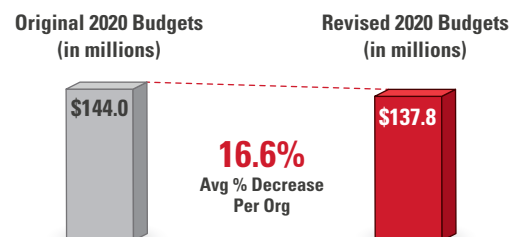
By June 2020, 45% of organizations who responded indicated that they had in fact reduced their 2020 budgets in response to the pandemic, with an average budget decrease of 17%.

**Figure 3: Projected and Actual Declines in 2020 Revenue and Organizational Budgets**

Figure 3a: Projected Declines in 2020 Revenue, as of April 2020

	Avg. Decrease Projected	Total Projected Loss
Fundraising Events	48.9%	\$7.8M
Programmatic	44.2%	\$7.5M
Corporate Giving	26.7%	\$2.5M
Individuals	22.8%	\$6.3M

Figure 3b: Budget Revisions, as of June 2020



<sup>1</sup> David La Piana. June 4, 2020. "COVID-19's Impact on Nonprofits' Revenues, Digitization, and Mergers." *Stanford Social Innovation Review*.

<sup>2</sup> Charity Navigator. April 17, 2020. "Impact of the Pandemic & Economic Shutdown on the Nonprofit Sector."

## HOW ORGANIZATIONS ARE NAVIGATING THE UNCERTAINTY

Organizations have responded to the pandemic and its economic toll with creativity and resilience. On the whole, organizations are responding with cautious optimism. They are continuing the important work of advancing LGBTQI equality and supporting the communities they serve. Organizations are taking a measured approach, making decisions quarter-by-quarter as the situation evolves.

They are creating various scenarios—and frequently revising them—to better navigate the pandemic. Organizations are being innovative as they assess cost-effective options that will reduce expenses. For example, as organizations have been effectively working remotely the last few months, many are reevaluating the need for leased office space. Programs and events are being moved to a virtual platform, and many are reporting that these virtual options will most likely stay in place in some capacity after the crisis.

That said, as the pandemic continues into 2020, there remains great uncertainty as to 2021. For example, the Payroll Protection Program (PPP) loans have served as a vital source of revenue for many organizations. The majority of organizations (83%) secured federal PPP loans, with an estimated \$10.6 million going to participating organizations in the form of forgivable loans. Cumulatively, the PPP loans comprise 50% of net income across participating organizations. Without such a cash infusion in 2021, organizations are conserving resources wherever possible to help mitigate damages from a potentially lasting economic downturn.

**Expense Cuts.** In April 2020, most organizations had not yet secured their PPP loans. At that time, three-quarters indicated they planned to cut spending in non-personnel areas, especially in the areas of fundraising events and travel. One in four organizations said they were looking to reduce staffing costs by either freezing hiring for open positions or implementing pay freezes.

By June 2020, organizations on the whole had a different outlook in terms of hiring. For example, 40% of organizations had hired staff in the past 60 days and 53% intended to hire staff in the next 60 days. Given that 40% of organizations reported negative net income without the PPP loans, this hiring may be a direct result of the PPP. These findings, combined with the fact that half of organizations are projecting neutral or positive changes to their 2020 net income, suggest that orgs may be trying to hold steady while they wait to see what 2021 brings.

### As of June 2020...

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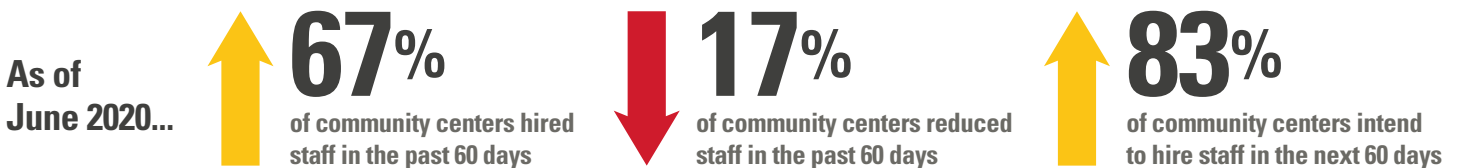
In June 2020, organizations reported that they are continuing to look for ways to make spending cuts, however they are finding ways to make lasting changes that will result in being more cost effective. For example, organizations plan to close offices and maintain a remote workforce, outsourcing services and cutting non-essential expenses wherever possible. Many organizations report reduced travel expenses.

**Programmatic changes.** In April 2020, two out of three organizations said they were pivoting from previously planned work and were responding to the needs of the moment, and just over half of organizations were planning to offer new programs in response to COVID-19.

## UNIQUE IMPACT ON LGBTQI COMMUNITY CENTERS

In an average year, LGBTQI community centers serve more than 40,000 people each week.<sup>3</sup> Given the front-line role that centers play and the fact that they often provide vital in-person services and spaces, the impact of COVID-19 on centers is different than for many other LGBTQI and allied organizations. For example, when centers are forced to temporarily close during pandemic shut down orders, centers may have to invest financial resources to shift operations remotely, including purchasing telehealth software and meeting requirements for insurance coverage. To reopen safely and meet health standards, costly changes are required, such as installing plexiglass in front of service desks, limiting the number of people who can enter the center, and added cleaning costs. Nearly half of LGBTQI community centers receive federal, state, and/or local government grants. For federally funded staff positions, centers were not able to apply for PPP loans.

The April 2020 survey revealed that two-thirds of participating centers had dedicated cash reserves with an average of six months of expenses in reserve. Even with this reserve, in the June survey one in four community centers indicated that they had revised their 2020 operating budgets, and, excluding PPP loan funding, 83% of centers projected a deficit in 2020. However, with the PPP loans, that percentage dropped to 0%, underscoring how vital the PPP loan is in providing stability for centers, in particular. Centers are remaining flexible with staffing levels: two in three centers reported hiring staff in the past 60 days, while one center surveyed indicated they had reduced staffing levels. Notably, 83% of centers planned to hire in the next 60 days.



## WHAT FUNDERS CAN DO TO SUPPORT LGBTQI MOVEMENT ORGANIZATIONS

LGBTQI and allied organizations continue to work every day to improve the lives of LGBTQI people through policy change and advocacy, through direct services, and by building community. This work continues to be incredibly important. While organizations are demonstrating the ability to innovate and adapt to the current moment and the financial challenges that COVID-19 has meant for fundraising, corporate and foundation giving, and beyond, it is vital that funders and individual donors think strategically and act thoughtfully to ensure the strength and continuity of the movement.

### RECOMMENDATIONS FOR FUNDERS



*Early Commitments for Funding for 2021 and Multi-Year Commitments.* As organizations plan for FY 2021, providing funding decisions early and offering multi-year commitments can help organizations plan. Much remains unknown about 2021, the state of the economy, the health of the country, and response of federal and state governments. Funders can ease the uncertainty by providing clear and consistent support for organizations for the next 12 to 18 months.



*Flexibility in Grant Terms, Including Increased General Operating Support.* Organizations need the opportunity to respond to gaps and to seize moments for growth as they arise, particularly during a challenging time such as this. Funders can respond by taking a big picture approach to grant goals and benchmarks, recognizing the hard work that organizations are doing, as well as providing increased flexibility to use funds for general operating support.



*Connections and Support for Obtaining Financial Expertise.* Giving the changing landscape across the country, the variation in how different parts of the country are responding to the pandemic, and the unique workings of movement organizations, there is no “one size fits all” approach to planning for the year ahead. As such, providing consultants and funding to obtain outside help to provide input and expertise to organizations in scenario planning, financial management tools, and other financial topics will improve the ability of organizations to be nimble and to make the necessary plans to adapt to a fluid situation without jeopardizing their ability to serve the LGBTQI community.



*Prioritizing Movement Needs.* COVID-19 has laid bare many of the structural inequities that have existed for millions of people, including many LGBTQI people—ranging from the lack of access to quality health care, the need for good paying jobs or paid family leave, pervasive racism, and beyond. Funders should remain focused on movement priorities and fund the core work needed to advance opportunity and equality.

<sup>3</sup> CenterLink and Movement Advancement Project. August 2018. *2018 LGBT Community Center Survey Report: Assessing the Capacity and Programs of Lesbian, Gay, Bisexual, and Transgender Community Centers.*

## ABOUT THIS REPORT

This report examines the impact of COVID-19 on LGBTQ and allied organizations and is part of a broader series of reports focused on the movement capacity available at <https://www.lgbtmap.org/lgbt-advocacy-organizations>.



movement advancement project ▶

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