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Challenges for LGBTQ Nonprofits to Secure Funding

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In this paper, I analyze the challenges of securing funding for LGBTQ nonprofit organizations (NPOs). According to Francisco (2013), from 2003 to 2011, foundation funding for LGBTQ issues grew from $32 million to $123 million in the U.S., at the rate which was eight times of the rate of foundation funding overall in the U.S. On the other hand, the portion of funding for LGBTQ issues in the whole foundation funding was still small in 2013: LGBTQ issues only receive 0.26% of foundation dollars, which means only 26 cents of every 100 dollars (Francisco, 2013). Further, approximately 43% of all foundation funding for LGBTQ issues were made by private foundations established by LGBTQ members themselves and public foundations that raise their funds primarily from LGBTQ donors, over the past 40 years until 2013 (Francisco, 2013). In other words, LGBTQ NPOs are much less likely to get funded from the mainstream foundations than NPOs working for other issues. According to my research, the main causes of this inequality in funding for LGBTQ NPOs from the mainstream foundations are risk in funding LGBTQ NPOs, funder’s fear of resistance from supporters, lack of resources to prepare grant proposals within the LGBTQ community, and stereotype from funders about the LGBTQ community. On the other hand, there are also opportunities of funding for LGBTQ NPOs mainly from corporations when corporations try to correct the negative corporate image of being discriminative from the public. However, it can bring new challenges to LGBTQ NPOs, especially those focusing on public health issues in the LGBTQ community.

First, the mainstream foundations are often hesitant to fund LGBTQ NPOs because it is perceived to be risky due to the structure of many LGBTQ NPOs and what many LGBTQ NPOs focus on. According to Francisco (2013), more than one-quarter of funding for LGBTQ NPOs has focused on civil rights while only one percent of overall foundation funding is devoted on civil rights. Since the LGBTQ community is suffering from violation of basic human rights, such as discrimination in employment, bullying in school, etc, the majority of LGBTQ NPOs are involved in civil rights advocacy or social change movement, which the mainstream funders see too political to fund. In the first place, organizations involved with civil rights advocacy and often doing lobbying are regarded as political organizations, which are not legally classified as 501(c)(3) nonprofit institutions and cannot receive tax-deductible contributions (Mengus, 2008).
LGBTQ NPOs are alienating the mainstream funders not only by their civil rights advocacy but also by factors in their organizational structures. “Foundation dollars currently provide approximately 20% of all LGBTQ nonprofit revenues, while foundation support makes up only three percent of revenues for the nonprofit sectors as a whole. . . most foundations don’t like to see too large a portion of an organization’s budget depend on foundation dollars (Francisco, 2013, p.6).” Also, many LGBTQ NPOs are highly dependent on works by volunteers because hiring paid staffs is often not affordable for them, while it is risk-taking for most foundations to fund all-volunteer NPOs (Magnus, 2008). Further, many LGBTQ NPOs cannot grow its organizational scale larger enough to be more professional organizations that qualify for 501 (c)(3) status, while most mainstream foundations prefer funding for large NPOs because larger NPOs have more stability (Magnus, 2008).

Therefore, for many mainstream funders, funding LGBTQ NPOs are structurally too risky to fund, because many of LGBTQ NPOs are too political, too small, and too dependent on contributions from volunteers and grants from foundations in their operation.

The mainstream foundations are hesitant to fund LGBTQ NPOs because they are concerned of not only LGBTQ NPO’s structures but also alienating their supporters by funding LGBTQ NPOs. In study by Magnus (2008) on LGBTQ organizations in Massachusetts, many workers in LGBTQ NPOs agreed that it become harder to get funded if they clarify that their focus of service is on the LGBTQ community, when they ask grants to foundations serving family, children, women, ethnic minorities, and religious minorities, even though their organizations are serving LGBTQ family, African American, Jewish, etc. One respondent in this study stated “We’ve been told by so-called progressive funders that it would alienate people of color if they support us (p.139).” Even if these foundations have funded LGBTQ NPOs, they often avoid clearly mentioning their support for LGBTQ NPOs in their annual reports to avoid resistance from supporters, so that it becomes further harder for LGBTQ NPOs to find foundations which can fund them (Magnus, 2008). Francisco (2013) also states “It wasn’t until 2010 or 2011 that more Americans supported same-sex marriage than opposed it. For public foundations, supporting LGBTQ issues might risk alienating donors; for corporate foundations, supporting LGBTQ issues might risk alienating clients (p.4)” So, unless many of their supporters
are clearly supporting the LGBTQ community, it will be not easy for funders to fund LGBTQ NPOs openly.

Stereotypes about the LGBTQ community not only by funders’ supporters but also by funders themselves are keeping funders from funding LGBTQ NPOs. Many funders serving family and/or people in poverty do not prioritize their funding for LGBTQ NPOs, because they misunderstand that LGBTQ people, especially gay people, are wealthier than their heterosexual counterparts because they do not raise children, even though two million children are currently being raised by LGBTQ parents and LGBTQ people are actually more likely to be poor (Francisco, 2013). Also, while many people in general public associate LGBTQ community and HIV, the mainstream foundations also have these stereotypes. “[f]oundations do not recognize the broad range of service needs—e.g., high rates of alcoholism and substance abuse, an epidemic of suicide among gay teenagers, and a heightened risk of breast cancer among lesbians” while “AIDS has been a key facilitator of funding for gay organizations.” By these stereotypes, funders are failing to recognize the actual needs to fund services for social justice in the LGBTQ communities.

Cause of inequity in foundation funding for LGBTQ community is not only in foundations but also in the LGBTQ community itself. Because the LGBTQ community has historically been marginalized, LGBTQ NPOs lack access to resources necessary for grant writing than non-LGBTQ counterparts. Surfus (2013) states:

LGBT people have endured harsh discriminations... discrimination negatively impacts the overall wellbeing of the community. The LGBT community is subject to employment discrimination, which impacts financial wellbeing and educational advancement. This makes it difficult for LGBT organizations to incorporate under Section 501(c)(3) of the IRS Tax Code and to be eligible for foundation funding, as this is a costly and skilled process (p.68).

The economical disadvantage caused by discrimination is making less money available in the LGBTQ community, so that many LGBTQ NPOs cannot afford paid staff in charge of grant writing, computers, and other personnel and equipments that are necessary for writing grant proposal attractive for foundations (Magnus, 2008). This fact can be associated with the fact that many LGBTQ NPOs are highly dependent on works by volunteers to be risky in the mainstream funders’ perspectives, as previously mentioned. Further, LGBTQ people devote
themselves more time on volunteering than the average Americans, so that LGBTQ people traditionally organize themselves in grassroots based on social capitals even though they lack money (Surfus, 2013). In short, discrimination is making grant writing unaffordable for the LGBTQ community and LGBTQ community’s tradition of volunteering partly caused by discrimination is alienating the mainstream foundation funding.

On the other hand, there are also opportunities for LGBTQ NPOs, exactly because the LGBTQ community has endured harsh discriminations. “Intel and other corporations see the LGBT community as key to attracting and retaining talent. Discrimination harms the business climate and limits ‘public administrative ecology.’” In other words, while funders has been hesitant to fund LGBTQ NGOs because of the discrimination on the LGBTQ community by their supporters, foundations are increasingly recognizing the disadvantage they will bring on themselves if they discriminate against the LGBTQ community. Especially, boycotts caused by corporation’s discriminative behaviors often urge corporations to fund NPOs serving the LGBTQ community, like “Coor Brewing Company, which has been boycotted by lesbian and gay communities for anti-gay practices and funding of homophobic right-wing organizations. . . has offered support to the Los Angeles Christopher Street West Pride Festival, OutFest Lesbian and Gay Film Festival, the San Jose Pride Parade, and the San Francisco’s Lesbian and Gay Community Center Project (Drabble, 2000).” However, since many corporate foundations funding LGBTQ NPOs are alcohol industries and tobacco industries, it will bring another issues on LGBTQ NPOs focusing on public health, like The Equi Institute in Portland, OR. If the magazines targeting the LGBTQ community had tobacco and/or alcohol advertisements, these magazines were less likely to mention health risks of alcohol and tobacco or the fact that alcohol and tobacco are scientifically proved to complicate the symptoms of HIV (Drabble, 2000).

The limitation of this graduate research paper is not to be based on studies more recent than 2013, so that some data may be outdated. Especially, because same-sex marriage was legalized in Jun 2015, the current public atmosphere may be more supportive for the LGBTQ community, so that the mainstream funders may be currently less afraid of losing their supporters by funding LGBTQ NPOs.
I can see supportive public atmosphere for the LGBTQ community, when Kate Brown, an openly bisexual woman, became the governor of Oregon, and when Tim Cook, the C.E.O. of Apple, came out to be gay. So, public foundations owned by government and industries other than alcohol and tobacco ones may be more willing to fund LGBTQ NPOs, without fear of losing their donors or clients.

Than a decade before, I also can see more schools making policy to prohibit discrimination against LGBTQ students, more scholarships specifically targeting LGBTQ students available, and more states prohibiting discrimination in employment based on sexual orientation and gender identity. These social trends in the U.S. can allow more educational and economical advantages in the LGBTQ community. In a long run, it can let LGBTQ NPOs become less dependent on volunteers and obtain more personnels and equipments to write attractive grant proposals. It will allow LGBTQ NPOs to obtain more grants, as LGBTQ NPOs become less risky in funder’s perspective.
References


