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Nonprofit Champion | February 10, 2025

Take Action

Sign on to the Nonprofit Letter to Congress by Friday, Feb. 14 COB.



There is much at stake for charitable nonprofits as the 119th Congress gets busy on tax and spending priorities. Lawmakers will decide momentous policy questions that can have a profound impact – positive or negative – on the ability of local organizations to improve lives, strengthen communities, and advance the public good. We encourage you to join with thousands of charitable nonprofits throughout the United States in signing onto the [Nonprofit Community Letter](#) to ensure Representatives and Senators understand the importance and impact of charitable

organizations to their constituents and communities.

[Sign your nonprofit on to this message](#)

Federal

Federal Judge Blocks Funding Freeze for Now

Two weeks ago, the Office of Management of Budget (OMB) [issued an memo](#) that called for all OMB grants and loans to be temporarily paused by 5:00pm the next day. The National Council of Nonprofits, American Public Health Association, Main Street Alliance, and SAGE immediately [filed to block the memo](#). Minutes before the memo went into effect, a DC federal judge [ordered an administrative stay](#). In response, OMB [rescinded](#) the memo. Subsequently, the judge [issued a temporary restraining order](#) on Feb. 3, 2025 prohibiting the “implementing, giving effect to, or reinstating under a different name the directive to halt federal spending broadly.” In a [separate suit](#) by 22 state Attorneys General, a second federal judge also [issued a temporary restraining order](#). Both cases continue to move through the courts.

“Nonprofits across the country have been left in limbo by the Trump administration’s callous actions. Now, they finally have some needed clarity and can continue to do their essential work,” said Diane Yentel, President and CEO at the National Council of Nonprofits, [in response to the temporary restraining order](#). “We are determined to continue to do all we can to prevent this administration’s reckless attempt to halt funding that would put people’s lives and safety at risk, from pausing research on cures for childhood cancer to halting food assistance, safety from domestic violence and closing suicide hotlines.”

Congress to Act on Budget Resolution; WH Restates Tax Priorities

Both the Senate and the House expect to act this week on fiscal year 2025 budget resolutions, the first step in the budget reconciliation process seeking to address the expiring provisions of the 2017 tax law. House Republican leadership continues to

struggle to reach a comprehensive budget resolution. Reports indicate that overall spending cuts in the range of \$2 to \$2.5 trillion could be part of the package that would extend many of the 2017 tax provisions for at least five years. After President Trump met with House Republican leaders last week, the Administration reiterated their top tax priorities for inclusion in the budget reconciliation, including renewing the 2017 tax cuts; no tax on tips, overtime pay, or Social Security; adjusting the SALT cap; tax cuts for Made in America products; and closing the carried interest provision.

Meanwhile, Senate Republicans took steps to follow a two-bill strategy: spending priorities first, taxes second. Last Friday, Senate Budget Chairman Lindsay Graham (R-SC) unveiled the outline of a budget resolution that would increase spending on border security, military spending, and boosting domestic energy production.

Tracking Executive Orders



Check back often for regular updates to NCN's chart of executive orders and actions impacting nonprofit organizations.

[See the chart](#)

Worth Watching

National Webinar: *Executive Actions and their Impact on Charitable Nonprofits*

Remote video URL

Nearly 10,000 people registered to attend NCN's webinar, with another 9,000 signing up to receive a recording. The webinar covers the challenges facing the nonprofit sector, recent executive orders and associated actions, the impact in states and communities, and an overview of next steps in the lawsuit NCN and partners filed to stop the freeze on federal grants and loans. Speakers included: Diane Yentel, President and CEO, NCN; Tiffany Carter, Policy Counsel, NCN; Nonoko Sato, President and CEO, Minnesota Council of Nonprofits; and Jessica Morton, Senior Counsel, Democracy Forward.

Watch the [recording](#) and find the [slides](#), National Council of Nonprofits, Feb. 7, 2025.

Worth Quoting

On nonprofit advocacy

- “The order is a potential 5-alarm fire for nonprofits and the people and communities they serve ... We won't stand by and let it happen.”

— Diane Yentel, President & CEO of the **National Council of Nonprofits**, [Nonprofit's lawsuit over the federal funding freeze is part of an 'avalanche' of litigation](#), *Associated Press*, Feb. 5, 2025.

- “Nonprofit advocacy is powerful, and the federal government heard our collective voice that we would not stand by and let this freeze threaten millions of vulnerable people and the ability for nonprofits to serve and employ hundreds of thousands of people right here in Minnesota. Yet, we are under no illusion that it will last.”

— Nonoko Sato, President & CEO of the **Minnesota Council of Nonprofits**, in [MCN speaks at press conference on impact of federal funding freeze](#), Jan. 31, 2025.

Worth Reading

- [Nonprofit's lawsuit over the federal funding freeze is part of an 'avalanche' of litigation](#), Thalia Beaty, *Associated Press*, Feb. 5, 2025.

- [Nonprofits Prepare for a Fight over Tax Policies](#), Ted Siefer, *Nonprofit Quarterly*, Feb. 6, 2025.
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Federal *FastView*

- **NGO Memo:** Last week, President Trump issued a Memo for the Heads of Executive Departments and Agencies addressing “nongovernmental organizations (NGOs),” an undefined term. The memo directs a review of all funding provided to NGOs and requires agencies are to “align future funding decisions” with Administration goals and priorities. In response, Diane Yentel, President & CEO of the National Council of Nonprofits [issued a statement](#): “[The] White House memo is the latest in a troubling series of attacks on nonprofit organizations working, in the United States and around the world... Let’s be clear: the security, prosperity, and safety of the American people that the Memorandum expresses concern about are *enhanced* by the work of nonprofits and NGOs.”
 - **Charitable Act Reintroduced:** Last month, Sens. Lankford (R-OK) and Coons (D-DE) and Reps. Moore (R-UT), Davis (D-IL), Miller (R-WV), Pappas (D-NH), and Panetta (D-CA) reintroduced the **Charitable Act** ([S.566](#) / [H.R. 3435](#)) to expand and extend the expired non-itemized (above-the-line) charitable deduction to roughly \$4,500 for individuals and \$9,000 for couples. “As nonprofits are faced with higher demand for services, increased costs, workforce challenges, and declining donations, the Charitable Act presents an opportunity to reinstate that incentive and provide nonprofits with more resources to carry out their mission,” said Diane Yentel, President & CEO of the National Council of Nonprofits in the [press release](#).
 - **Birthright Citizenship EO Blocked:** Three federal judges in [Maryland](#), [New Hampshire](#), and [Washington State](#) issued separate preliminary injunctions blocking President Trump’s executive order to challenge birthright citizenship under the U.S. Constitution. The order seeks to not apply U.S. citizenship when the person’s mother was unlawfully in the United States and the father was not a U.S. citizen or permanent resident, or when the mother’s presence was lawful but temporary and the father was not a U.S. citizen or permanent resident. The cases are expected to be appealed.
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Worth Quoting

On funding nonprofits

- “Bravo to Senators Lankford and Coons on this much-needed support for America’s nonprofits. They both understand from personal experience the key role the nonprofit sector plays both as a provider of critical services to millions of Americans and as a major employer in Oklahoma and nationwide. In this era of historic inflation and ever-rising costs, the need for nonprofit services has not declined — in fact, we are needed more than ever. *The Charitable Act* will help recreate an environment of years past where charitable givers at every level can feel incentivized and appreciated—after all, we are all in this together.”

— Marnie Taylor, President & CEO, **Oklahoma Center for Nonprofits**, [Lankford, Coons Lead Bill to Incentivize Charitable Giving](#), press release, Jan. 29, 2025.

- “Nonprofits are the backbone of our communities, addressing critical needs and enhancing the quality of life for all. The Charitable Act is a vital step in restoring a proven incentive that encourages generosity and empowers nonprofits to meet growing demands, even in challenging times. We applaud Senators Lankford and Coons for their leadership and steadfast commitment to strengthening the nonprofit sector, ensuring we can continue to deliver essential services and drive positive change.”

— Sheila Bravo, President and CEO, **Delaware Alliance for Nonprofit Advancement**, [Lankford, Coons Lead Bill to Incentivize Charitable Giving](#), press release, Jan. 29, 2025.

Worth Listening

- [Nonprofit Sector Grapples with Loss of Government Support and Uncertainty](#), Chris Winter, *The Independent*, Feb. 6, 2025.
- [Local nonprofits on navigating shifting national politics](#) (10:09), Catherine Cruz, *Hawai’i Public Radio*, Jan. 31, 2025, featuring Melissa Miyashiro, President & CEO of the **Hawai’i Alliance of Nonprofit Organizations**.

Tax Policy in the States

While the 2025 tax debate at the federal level is moving forward, many states are also introducing tax legislation that could impact charitable nonprofits.

- **Kentucky:** Recently introduced legislation would [exempt nonprofits](#) from sales tax for purchases made by nonprofits and sales from nonprofits of personal property, digital property, and services.
 - **Massachusetts:** The Governor's [budget proposal](#) includes a plan to cap the Commonwealth's charitable deduction to \$10,000 for joint filers and \$5,000 for individuals. Local nonprofits are worried that this would further strain their revenue sources. Jim Klocke, CEO of the **Massachusetts Nonprofit Network**, expressed this [concern](#): "Charitable donations are a very important funding source for nonprofits, and right now more than ever, we need charitable giving to go up, not down. So the governor's proposal raises a lot of concerns... We're even more reliant on charitable giving as a sector now than we were a week ago."
 - **Mississippi:** Two similar measures ([H.B. 1192](#) and [H.B. 1568](#)) would create a tax credit up to 50% for a contribution by a business to certain eligible charitable organizations that work in child services.
 - **New Hampshire:** Troubling legislation seeks to require [payments in lieu of taxation](#) of 25% of the municipal rate of the property tax on all real and personal property for all nonprofits except houses for worship. A separate measure would impose a [business and enterprise tax](#) on any 501(c)(3) charitable organization "engaged in, or attempting to engage in, settling or resettling illegal immigrants." It would also authorize a bounty up to 10% of the business enterprise tax for the first person who reports business enterprises, including nonprofits, that are "engaging in, or attempting to engage in, settling or resettling illegal immigrants."
 - **Oklahoma:** Pending legislation would [expand sales tax exemptions](#) to purchases up to \$3 million by 501(c)(3) nonprofit organizations in a tax year. The exemption would not apply to alcohol or tobacco purchases.
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Trend Spotting: Employment Legislation

Several states are considering a range of employment legislation that could impact charitable organizations.

- **Arizona:** [H.B. 2648](#) would allow a waiver for a portion of, or the entire, work requirement for child care assistance of a person who is enrolled full time in an accredited educational institution or employment training plan.
 - **Connecticut:** Companion bills ([S.B. 1008/H.B. 6148](#)) would allow nonprofits to participate in association health plans.
 - **Michigan:** Pending legislation ([H.B. 4001](#)) would increase the minimum wage to \$15.00 per hour by 2029 and index for inflation thereafter. It would also change training wage minimums.
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Worth Quoting

On funding nonprofits

- “After nearly two decades of underfunding, nonprofit providers cannot absorb a cut, especially when federal funding is threatened and the state is projecting the eighth annual budget surplus. Nonprofits are in crisis. Without funding increases, they will struggle to provide residential and day services to people with developmental disabilities, substance abuse and mental health treatment, homeless shelters, re-entry programs and other vital human services. Programs will shrink, jobs will be lost, people will lose care.”

— Gian-Carl Casa, President & CEO of **CT Community Nonprofit Alliance**, in [Statement on Governor Lamont’s proposed biennial budget](#), Feb. 5, 2025.

Numbers in the News

30%

The estimated percentage of nonprofits in the United States that reported funding from government grants, according to Candid’s IRS Form 990 analysis. This is based on the most recently filed forms and excludes nonprofits with “less than \$200k in

gross receipts or less than \$500k in assets.”

Source: [How reliant are nonprofits on government grants?](#), Cathleen Clerkin, Ph.D., Anna Koob, and David Wolcheck, *Candid*, Feb. 6, 2025.

Nonprofit Events

February is

- [Black History Month](#)
- [American Heart Month](#)

Advocacy in Action

Why We Filed a Lawsuit Against the Administration

By Diane Yentel, NCN President and CEO



This is the first time in NCN’s history that we have filed a lawsuit against any entity, and our first was filed against the White House. I’ve been asked many times since how we did it so quickly, and why. My response has been: If not us, who? Together, we have an obligation to step up and push back against actions that could cause catastrophic harm to the nonprofit sector and the people and communities they

serve, and especially so when we can reasonably expect that our actions can prevent such harm. This was just such a moment.

[Read more](#)

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