



Published on National Council of Nonprofits (<https://www.councilofnonprofits.org>)

Original URL: <https://www.councilofnonprofits.org/articles/why-we-filed-lawsuit-against-administration>

Why We Filed a Lawsuit Against the Administration

By: Diane Yentel, NCN President and CEO

The National Council of Nonprofit stands to “champion, connect, and inform” the nonprofit sector. The first part – “champion” – is what this newsletter is named for and denotes our deep commitment to protect, support, and advocate for the charitable nonprofit sector.

For decades, NCN has championed nonprofits in all three branches of government, always remaining nonpartisan. Over the years, we have both praised and criticized leaders from both political parties. We have advocated and lobbied for nonprofit policy in the legislative branch, offered public comments on regulatory implementation for the executive branch, and submitted amicus briefs on issues of paramount importance in cases before the U.S. Supreme Court. NCN shepherded the nonprofit sector through the [Great Recession](#), attacks on [nonprofit nonpartisanship](#) and [charitable giving](#) in the [2017 tax law](#), accessing [pandemic financial relief](#), and numerous [natural disasters](#).



Since the day of President Trump's inauguration, we have been [tracking and sharing](#) the multitude of executive orders and implementing directives, focusing on those directly and indirectly affecting nonprofits. Our [regularly updated chart](#) informs the sector of these actions and their impacts so we can prepare and respond, as appropriate.

When the Office of Management and Budget (OMB) issued a memo to freeze all federal funding, we knew this was an extraordinary action that would directly harm communities and individuals that rely on nonprofits for food, clothing, shelter, protection, healthcare, cultural and religious enlightenment, and much more. The [memo](#) directed, "Federal agencies must temporarily pause all activities related to obligation or disbursement of all Federal financial assistance..." by 5:00pm Eastern the next day. The memo did not define a time for the temporary pause and had the near-immediate effect of freezing more than \$3 trillion of federal financial assistance, including grants, loans, and contracts, many to nonprofits.

The sector earns approximately [one third of its revenues](#) through government grants and contracts and roughly [30% of nonprofits report](#) government grants. Governments at all levels rely on nonprofit partners to provide vital services and the effects of this action cut off those services with no warning.

In immediate response, I [issued this statement](#):

This order is a potential five-alarm fire for nonprofit organizations and the people and communities they serve. From pausing research on cures for childhood cancer to halting food assistance, safety from domestic violence, and closing suicide hotlines, the impact of

even a short pause in funding could be devastating and cost lives. This order could decimate thousands of organizations and leave neighbors without the services they need.

Over the next 12 overnight hours, I worked with the team at Democracy Forward, the NCN board, and others for us to [swiftly file legal action](#) in the courts, with NCN as the lead plaintiff in litigation against the Office of Management and Budget (OMB). Our normal course of pursuing policy change through legislative advocacy was out of the question, especially given the speed at which the funding freeze was taking effect. Only the courts could step in quickly enough.

By the next morning, we had filed in court, and the entire NCN team and our network swung into action to gather impact stories, share them with the media and members of Congress, and further inform the nonprofit sector and the public of potential impacts from OMB's reckless action.

We prevailed, for now. NCN [won a temporary restraining order](#) enjoining the implementation of this OMB memo. Our litigation is ongoing to ensure the Administration does not reinstate another funding freeze for all grants and contracts.

Despite blocking the funding freeze, many nonprofits continue to face confusion and obstacles to receiving funds, causing them to stop programs, furlough employees, and question multi-year budgets. This harm cannot be reversed. If your nonprofit is still being affected, [please let us know](#).

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.

We filed to show our deep commitment to nonprofits. We filed to ensure nonprofits can continue to provide vital services to the millions of people who rely on them every day. We filed to champion the sector, just like we do every day and will continue to do in the days, weeks, and years to come.

Onward.

Diane

