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## Nonprofit Champion | April 7, 2025

### Federal

### Senate Approves Budget Reconciliation, Sets up Conference with House

Over the weekend the [Senate approved](#) its budget reconciliation package, which now goes to the House for consideration. Senators bypassed the nonpartisan parliamentarian to operate under a controversial “current baseline” approach to assume extension of the expiring 2017 tax cuts, estimated at \$3.7 trillion, without adding to the deficit. The resolution instructs the Finance Committee to increase the deficit by up to \$1.5 trillion, increases the current debt limit by \$5 trillion, and calls for approximately \$500 billion in new spending, mostly devoted to immigration and defense. It also contains the House-passed reconciliation instructions to include \$2.8 billion in net deficits and at least \$2 trillion in spending cuts and reforms. Programs expected to have cuts include Medicaid, Supplemental Nutrition Assistance Program (SNAP), Children's Health Insurance Programs (CHIP), and student loans and other higher education funding. Congress can reach agreement through one of three ways: one chamber adopting the budget resolution of the other without any changes, an exchange of amendments, or through a conference committee.

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# Debt Ceiling: Facts and Implications

At the end of March, the Congressional Budget Office [announced](#) that the Federal government could run out of money in July or August unless Congress raises the debt limit, the ceiling on permissible borrowing needed to fund government activities. The Treasury Department has been using “emergency measures” such as tapping cash reserves to meet ongoing debt obligations since January, when Congress failed to raise the current debt limit of \$36.1 trillion. The Senate reconciliation bill includes a \$5 trillion increase to avoid “financial default” which would threaten the viability of government interest payments, bond redemption and even “entitlements” payments this summer. The House reconciliation package includes a \$4 trillion increase. President Trump has advocated for outright repeal of the debt ceiling.

[Read about Updated Chart of Executive Orders](#)

## Updated Chart of Executive Orders

In an effort to aid the swift analysis of the recent executive orders, we have crafted a chart of the most pertinent executive orders, expected impacts, and related actions that we will be updating regularly.

[Read about NEW! A Nonprofit Checklist: Conducting a Risk Assessment for Federal Funding](#)

## NEW! A Nonprofit Checklist: Conducting a Risk Assessment for Federal Funding

Some initial steps that nonprofits can engage in to conduct a risk assessment as the Administration targets federal grants and contracts for termination.

[Read about Updated General FAQs on Executive Actions Impacting Nonprofits](#)

## Updated General FAQs on Executive Actions Impacting Nonprofits

To answer some of the pressing questions on the minds of nonprofits, we compiled a document with frequently asked questions.

## ***Worth Reading***

- [The Potential Impact of IMLS Restructuring on Tennessee's Museums and Libraries](#), Tennessee Nonprofit Network, Apr. 2, 2025.
  - [US Supreme Court hears oral argument on religious exemptions from federal tax](#), Paige Miller, *Jurist News*, Mar. 31, 2025.
  - [What Kansas City nonprofits told us about the shifting federal funding landscape](#), Naomi O'Donnell, *The Beacon*, Mar. 26, 2025.
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## **Proposed Limitations to Judicial Relief**

Last week, Sen. Grassley (R-IA) introduced the [Judicial Relief Clarification Act](#) (S. 1206) to [limit the scope of federal judicial relief](#), including injunctions and temporary restraining orders (TROs), so that only parties receive relief against a government action, like [executive orders](#). The bill would provide universal relief only through class-action lawsuits, make TROs immediately appealable, and restrict relief under the Administrative Procedure Act and Declaratory Judgment Act. On the House side, Rep. Issa (R-CA) introduced the [No Rogue Rulings Act of 2025](#) (H.R. 1526) to limit injunction relief only to the actions of a party and nonparties represented by a party. Cases brought by two or more States in different circuits challenging an executive branch action, including executive orders, would be referred to a three-judge panel. Rep. Jordan (R-OH) [urged the Appropriations Committee](#) to also limit the scope of judicial relief. If these measures became law, they could affect the many recent federal cases with broad TROs or preliminary injunctions, including [both cases](#) with NCN as a party.

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## **Help Us Amplify the Positive Impacts of Nonprofits**



Policymakers need to hear how nonprofits change lives for the better every day. Help us combat false narratives and tell the story of the true value and tremendous positive impacts of nonprofits.

[Share your nonprofit's story](#)

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### ***Worth Listening***

- [NYCON on Funding for Nonprofits and Federal Funding Risks](#) (10:03), *Hudson Mohawk Magazine*, Mar. 25, 2025, featuring Megan Allen, CEO of the **New York Council of Nonprofits**.
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## **Federal FastView**

- **Free Speech Fairness Act Reintroduced:** Sen. Lankford (R-OK) and Rep. Harris (R-NC) reintroduced the [Free Speech Fairness Act \(S.1205/H.R. 2501\)](#) to weaken longstanding federal law protecting nonprofits from partisanship. Federal law under 501(c)(3) prohibits nonprofits from supporting or opposing candidates for public office, ensuring nonprofits are nonpartisan in law, fact, and impact. This bill would permit electioneering “in the ordinary course of the organization’s regular and customary activities” if the activities do not “incur more than *de minimis* incremental expenses.” NCN strongly opposes allowing any partisan influence, regardless of how or how much, as it would erode public trust in nonprofits and their ability to serve their communities.
- **Voting and Advocacy Executive Order:** The President signed an executive order [Preserving and Protecting the Integrity of American Elections](#) last month seeking to make changes to the way federal elections are administered. One disturbing provision contains factually inaccurate information regarding

nonprofits' abilities to lobby and advocate if they received federal funds. The law does not prohibit nonprofits that receive federal grants, contracts, or cooperative agreements from lobbying. See [President Trump Issues Executive Order of Questionable Legal Basis to Dramatically Change Federal Election Process, While Inaccurately Describing Law on Lobbying by Nonprofits with Federal Funds](#) from Nonprofit VOTE for more information.

- **State and Local Fiscal Recovery Funds (SLFRF) Update:** On March 25, the Treasury Department [announced](#) its plans to recoup unobligated SLFRF resources and verify that obligations and expenditures to date meet [program requirements](#). Governments will be sent instructions on how to return unobligated funds. Of note, Treasury stated it would seek to recoup funds “used impermissibly.” Charitable nonprofits were eligible for SLFRF as beneficiaries and providers of services and are strongly encouraged to maintain documents [stating their eligibility](#).
- **Rulemaking on PSLF - Comment Deadline of May 5.** The Department of Education [announced](#) its intent to host public hearings and establish negotiated rulemaking committees to prepare proposed regulations on programs under the Higher Education Act, including [Public Service Loan Forgiveness](#) (PSLF) and other repayment plans. Of particular concern is the intent to “refin[e] definitions of a qualifying employer for the purposes of determining eligibility” for PSLF. Currently all 501(c)(3) charitable organizations are eligible employers under federal law. The [Restoring Public Service Loan Forgiveness](#) executive order directs DoEd to [exclude certain nonprofits](#). NCN is strongly opposed to limiting which nonprofits are eligible employers. Submit comments via [www.regulations.gov](#).
- **Restrictions, Cuts to Arts and Culture:** A new executive order [Restoring Truth and Sanity to American History](#) prohibits Congressional appropriations to be used on exhibits or programs at the Smithsonian Institution that “degrade shared American values, divide Americans base on race, or promote programs or ideologies inconsistent with Federal law and policy” or “recognize men as women”. The order also requires funding to improve Independence National Historic Park by the 250<sup>th</sup> Anniversary celebrations and reinstatement of preexisting monuments, memorials, statutes, markers, or other similar properties that had been removed since 2020.

## On nonprofits' impact

- “There is a good chance that your life has been made better because of a nonprofit, maybe without your realizing it... Nonprofits’ very reason for being is to provide programs, services and activities that improve lives and serve the greater good. For many decades, nonprofits have been trusted and trustworthy partners with government in service to the public. When those services and organizations are threatened, it puts all of us at risk.”

— Linda Czipo, President and CEO of the **New Jersey Center for Nonprofits**, in [Op-Ed: NJ nonprofits need your help](#), *NJ Spotlight News*, Mar. 26, 2025.

## State and Local

### Employment Legislation

Nonprofits make up a significant percentage of the workforce and pending legislation could affect their ability to recruit and retain employees.

- **Maine:** Legislation would create a state [Retirement Savings Program](#), require [pay transparency](#) in vacancy announcements, and limit [employee surveillance](#).
- **North Carolina:** Bills would create the [Student Borrowers’ Bill of Rights](#), require nonprofits to provide paid family leave ([H. 499/S. 480](#)), and require sick leave to be permitted to be used to care for a family member ([H. 398/S. 458](#)).
- **Vermont:** Legislators introduced bills to expand access to unpaid [family and medical leave](#), prohibit nonprofits from discharging an employee other than for [good cause shown](#), and establish a [32-hour workweek](#).

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### Nonprofit Advocacy Rights and Regulations

Several bills seek to restrict and increase reporting requirements for lobbying in the state.

- **Idaho:** A bill would create a [new lobbying disclosure chapter](#) and remove weekly reporting requirements. It would create a new definition of “indirect

lobbying” and require reporting of expenditures more than \$100 in indirect lobbying within 48 hours, among other things.

- **Illinois:** Pending legislation would [require the option](#) to file reports and statements electronically by the end of next year.
  - **New Mexico:** Pending legislation would require a [lobbying activity report](#) within 48 hours of commencement of a lobbying activity. The report must identify the specific legislation lobbied, the position taken, and whether that position has changed.
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## **Worth Studying**

*From state associations of nonprofits*

- [The Facts about Charitable Nonprofits, Federal Funding & Why it Matters to You: An Impact Report on What’s at Risk for Kentuckians](#), **Kentucky Nonprofit Network**, Apr. 2, 2025.
  - [Fundamentals of Nonprofit Advocacy](#), **Nonprofit Association of Oregon**.
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## **Worth Watching**

- [Kentucky Edition](#) (27:29), *KET*, Mar. 31, 2025, featuring Danielle Clore, CEO of the **Kentucky Nonprofit Network**, discussing the impacts of funding cuts on the Commonwealth’s nonprofits.
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## **Numbers in the News**

**80%**

The percentage of South Carolina nonprofits that believe they may be impacted by a grant freeze, according to survey findings from **Together SC**.

**Source:** [Nonprofit Federal Grant Survey - Data](#), Together SC, Mar. 24, 2025.

## **Stay in the Loop**

Want to be the first to know policy developments and operational trends affecting nonprofits? Sign-up to receive our free newsletters, Nonprofit Champion and Nonprofit Essentials, and browse the archive of past editions.

[Sign-up](#)