



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

Original URL: <https://www.councilofnonprofits.org/nonprofit-champion-june-2-2025>

## Nonprofit Champion | June 2, 2025

### Federal

## Tax Reconciliation Package Now in Senate. Take Action!

On May 22, the U.S. House of Representatives passed its version of the One Big Beautiful Bill Act ([H.R. 1](#)) and sent it to the [Senate for consideration](#). The two chambers differ on spending and budget amounts and scoring, giving the Senate more flexibility for its version and what provisions to include to pay for the tax cuts and extension of the 2017 tax law.

Call your Senators and urge them to:

☐ **OPPOSE new or expanded taxes on nonprofit organizations, including foundations.** These proposals divert scarce resources away from essential services, undermine the ability of charitable nonprofit organizations to meet needs in their communities, and put greater strain on government. See NCN's [one-pager](#) on protecting nonprofits in tax reconciliation for more information.

☐ **OPPOSE limits on charitable donations as a "pay for" for the bill.** These proposals discourage charitable donations made by individuals and corporations,

ultimately leaving nonprofits with fewer resources to serve their community.

✓**SUPPORT and EXPAND tax incentives for charitable giving.** The bill includes a non-itemizer deduction for charitable giving. Congress should expand the deduction to full scale, as proposed in the Charitable Act, introduced by Sen. Lankford (R-OK), Sen. Coons (D-DE), Rep. Moore (R-UT), and Rep. Pappas (D-NH). See NCN's [one-pager](#) on the Charitable Act for more information.

## **ACTION ALERT:**

[Sign a National Letter](#) - Urge Congress to remove harmful provisions in the tax bill targeting nonprofit organizations. This national letter is led by National Council of Nonprofits, Council on Foundations, Independent Sector, and United Philanthropy Forum. **Deadline to sign is today - June 2 COB!**

[Read about Major Tax Bill Heads to the Senate](#)

## **Major Tax Bill Heads to the Senate**

An analysis of the tax bill and its implications for charitable nonprofits.

[Read about Chart of Executive Orders](#)

## **Chart of Executive Orders**

Chart of the most pertinent executive orders and their expected impacts on charitable nonprofits.

## **NCN to Testify at House Hearing on the Nonprofit Sector**

NCN President and CEO Diane Yentel will testify on Wednesday, June 4 before the House Oversight Committee's Subcommittee on Delivering on Government Efficiency. The hearing is titled, "[Public Funds, Private Agendas: NGOs Gone Wild.](#)"

In her testimony, Diane will push back on the harmful framing of the hearing, highlighting the vital role of the nonprofit sector in improving lives and serving communities. She will also raise concerns about how the Trump Administration has attacked and denigrated the nonprofit sector, whether by cutting off funding, terminating contracts, threatening to revoke nonprofit status, or through other actions. You can watch the hearing [here](#).

Read NCN's latest resource, [Setting the Record Straight](#), about the role nonprofits play as trusted, accountable partners.

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## ***In Focus: Debt Limit X-Date***

The [budget reconciliation package](#) would raise the debt limit by \$4 trillion to accommodate the Administration's tax cuts and spending priorities, and avoid defaulting on our country's existing debt obligations. The debt ceiling must be raised by the "[X-date](#)," the date when the government will run out of money to pay its bills and risk default. Default would result in the U.S. government becoming a credit risk, higher interest rates, and increased borrowing costs for everyone. For nonprofits, more money being spent to service debts means fewer resources to help nonprofits serve their communities. In late March, the [Congressional Budget Office warned](#) the federal government's ability to borrow would probably be exhausted by August or September. This month, Treasury Secretary Bessent [revised that warning](#), calling on Congress to suspend the debt ceiling no later than mid-July, to avoid having the government run out of money in August, while Congress is scheduled to be on recess.

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## ***Worth Quoting***

### *On federal funding*

- "It's hard to summarize what the impacts are and how they're coping, but suffice to say that there are many ways that nonprofits are having to adapt and pivot immediately with very little warning, and what's important is to recognize that many pauses and cancellations in funding are coming... Maine's nonprofits have always been about bringing the community together to help solve shared problems..."

— Jennifer Hutchins, Executive Director of the **Maine Association of Nonprofits**, in [Nonprofit leaders rally amid federal funding cuts](#), Sloane M. Perron, *Mainebiz*, May 21, 2025.

- “The biggest role that we have is to raise awareness about what's happening and the impact that it's having for nonprofits specifically... What we know is that there's lots of nonprofits that have a strong commitment to equity... It's at the core of what they do. The threat to diversity, inclusion and equity is important because they really see it as a core part of why they do what they do.”

— Kelley Kuhn, President & CEO of the **Michigan Nonprofit Association**, in [How Michigan nonprofits are navigating federal uncertainty](#), Layla McMurtrie, *Second Wave Michigan*, May 19, 2025.

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## Federal FastView

- **Monitoring State and Local Fiscal Recovery Funds (SLFRF):** In March, the U.S. Department of the Treasury [announced](#) that it is reviewing SFLRF obligations and expenditures and whether they were in compliance with the [goals of the program](#). As it actively recoups unobligated funds, [recipients](#) like state and local governments, which acted as pass-throughs to nonprofits, may receive notices from Treasury and if some projects are found to be out of compliance, they will have to return the funds. Charitable nonprofits that received funds under SLFRF are encouraged to retain all documents, especially those that stated their eligibility. Treasury also released a [dashboard](#) to view projects reported by recipients.
- **IRS Commissioner Confirmation Hearing:** Earlier this month, the Senate Finance Committee held a [confirmation hearing](#) for former Rep. William “Billy” Long (R-MO, former) to be the next Commissioner of the Internal Revenue Service (IRS), charged with oversight of tax-exempt organizations. Given the Administration’s [recent threats](#) against Harvard University and [other nonprofits](#), several senators asked Long whether he would obey a White House directive to audit, investigate, or revoke the tax-exempt status of the administration’s political enemies – actions that violate federal law. After several attempts to elicit a definitive commitment, Long assured Sen. Whitehouse (D-RI) that he

would not use the IRS against political enemies, saying, “It’s not gonna happen on my watch,” and promising to report to the Inspector General about any attempts to exert improper political influence over IRS operations. No date was set for a final confirmation vote.

- **Members Seek Funding for Nonprofit Data:** Last week, Members in the U.S. [House](#) and [Senate](#) sent Dear Colleague letters requesting \$4 million for the Bureau of Labor Statistics (BLS) to add nonprofit employment statistics to its Quarterly Census of Employment and Wages (QCEW) reports. Despite nonprofits being economic drivers, employing more than 10% of the nation’s private-sector workforce, BLS still does not include nonprofit employment data in its QCEW. Nonprofit data are only reported every five years, and the most current data are at least three years out of date, spanning 2018 through 2022, compared to the QCEW, which tracks wage and employment data for 95% of private employment, four times a year.
  - **Oversight Rules for Tax-Exempt Hospitals:** The Treasury Inspector General for Tax Administration (TIGTA) is calling on the Treasury Office of Tax Policy to work on legislation to better define the community benefit standard and establish baseline criteria for financial assistance policies of tax-exempt hospitals, according to a new [report](#). Tax-exempt hospitals are required by law to be operated for the public benefit. Each is subject to IRS review every three years to ensure compliance with community benefit standards that, among other things, examine whether a hospital provides financial assistance to those unable to pay. TIGTA also called for revised standards to ensure that all hospitals subject to Community Benefit Activity Reviews (CBARs) are properly identified and reviewed and recommended the IRS update guidance.
  - **NPR, PBS File to Restore Funding:** Last week, [the National Public Radio](#) (NPR) and the [Public Broadcasting Station](#) (PBS) filed separate lawsuits challenging an [executive order](#) that ceases and cancels all federal funding for both media services. The order instructs the Corporation for Public Board of Directors, which also has a [lawsuit](#) against the Administration, to cease direct and indirect funding and ensure licensees, permittees, and other recipients do not use federal funds for NPR or PBS. Other agencies are to identify and terminate any other funding for the stations. The lawsuits argue the Administration exceeded its authority and is unconstitutional under the First Amendment.
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## Worth Reading

- [Fort Worth arts nonprofits see spike in community fundraising, support after NEA grant cuts](#), David Moreno, *Fort Worth Report*, May 26, 2025.
  - [How to Fend Off Attacks on Nonprofits—Three Key Strategies](#), Aaron Dorfman, *Nonprofit Quarterly*, May 20, 2025.
  - [As Federal Funding Landscape Shifts, States Brace for Fiscal Impact](#), Liz Farmer and Peter Muller, *The Pew Charitable Trusts*, May 15, 2025.
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## Worth Studying

- [How Would Potential Federal Budget Cuts Impact State Budgets?](#), Urban Institute, May 20, 2025.
- [Impact of Federal Funding Changes on New Mexico’s Philanthropic Sector](#), Thornburg Foundation, Santa Fe Community Foundation, and Anchorum Health Foundation, Apr. 2025.

## State and Local

### Legislation Affecting Charitable Nonprofits

As state legislatures adjourn, bills are being considered until the final moments of session or even post-session. This month, **Vermont**’s Governor signed a bill that [expands access](#) to unpaid family and medical leave and sets 12-week time limits for unpaid leave in any given year while the **Virginia** Governor vetoed a bill to apply the Commonwealth’s [Human Rights Act](#) to all employers with more than five employees. Fortunately, **South Carolina**’s Legislature adjourned without enacting one of the most restrictive diversity, equity, and inclusion (DEI) bills in the country – the [Ending Illegal Discrimination and Restoring Merit-Based Opportunity Act](#). Named after the federal [executive order](#) from January, the bill underwent several iterations and would have redefined what constituted discrimination in the state and prohibited promoting DEI by the state, in education, or in hiring.

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## Worth Quoting

## *On nonprofits' impact*

- “As a reminder, nonprofits are granted our special tax status because we have proven to the government that we are established for the public good, very often delivering a service to the population that the government may otherwise provide if not for the presence of that nonprofit.”

— Marnie Taylor, President & CEO of the **Oklahoma Center for Nonprofits**, in [Nonprofits Need Your Time & Talents More Than Ever](#), Oklahoma Center for Nonprofits, May 22, 2025.

- “Because at the end of the day, the truth is undeniable: we do not simply benefit from the work of nonprofits; we are fundamentally and inextricably dependent upon them for the health, well-being, and vibrancy of our society. Their struggles are our struggles, and their success is intrinsically linked to our own. It is time we recognize their true value and invest in their future with the same dedication and unwavering support they so consistently provide to us.”

— Kevin Dean, President & CEO of the **Tennessee Nonprofit Network**, in [How Nonprofits Shape Your Life and Form the Foundation of American Society \(Whether You Know It or Not\)](#), May 2025.

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## ***Worth Reading***

- [Nonprofit Agencies March For More State Funding](#), Donald Eng, *CT News Junkie*, May 20, 2025.

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## **Trendspotting: Governments Grants and Contracting Reforms**

State legislatures are advancing and enacting a range of governments grants and contracting proposals that would impact charitable nonprofits. Many nonprofits already experience challenges accessing and reporting government grants and contracts, impacting their operations and capacity to serve communities.

- **Louisiana:** A concerning bill would require the Commissioner of Administration to [create a searchable public database](#) of “nongovernmental entities (NGOs),” and the amounts, status, signature, and completion dates of any state or federal contracts or appropriations they have received. The bill would also [forbid the use of appropriated](#) funds for lobbying, directly or indirectly.
  - **Maryland:** The Governor signed a bill establishing the [Nonprofit Organizations Navigator](#) in the state’s Department of Commerce to provide technical assistance to nonprofits in accessing and applying for state grant programs, resolve procedural complexities and delays in grantmaking, collect and share information on opportunities for grants, and represent nonprofit interests and concerns as a member of the Maryland Efficient Grant Application Council.
  - **Montana:** A bill was enacted to create an [interim committee](#) to identify federal funding opportunities available to state, tribal, and local governments.
  - **New York:** Broad companion reform bills ([S.7001/A.7616](#)) would require the state to pay interest on late payments at the current prime interest rate, require contracts to include the federally approved indirect cost rate of 15% or the nonprofit’s actual indirect cost ratio, whichever is higher, and define what is covered under indirect costs. The legislation would also require automatic advance payments of 25% of the total award to cover startup expenses within 30 days of an executed work order, advance payments of 25% of the total award upon request when the agency informs a nonprofit of its intent to extend the contract, even if the contract has not been signed yet, and 25% advance payments when contract execution is delayed by more than 30 calendar days. See the **New York Council of Nonprofits’** [press release](#) for more information.
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## ***Worth Studying***

- [Nonprofits in Peril: Common Sense Solutions to Stop Jeopardizing Critical Services for New Yorkers](#), May 2025, Prepared by the Human Services Council of New York, **New York Council of Nonprofits**, New York Legal Services Coalition, **Nonprofit New York**, and Nonprofit Westchester.

## ***Worth Listening***

- [‘A gross overreach’ – Colorado Nonprofit Association on funding cuts and executive orders](#), Kiara DeMare, *CPR News*, May 26, 2025, featuring Paul Lhevine, President & CEO of the **Colorado Nonprofit Association**



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## Nonprofit Events

- June 4, [The Board's Role in Successful Advocacy](#), Florida Nonprofit Alliance
- June 4, [Membership Convening](#), Common Good Vermont
- June 4-5, [Nonprofit Leadership Conference](#), North Dakota Association of Nonprofit Organizations
- June 23, [Mid-Michigan Nonprofit Breakfast with Legislators](#), Michigan Nonprofit Association
- July 29, [Civil Rights Laws and Nonprofit Missions](#), Minnesota Council of Nonprofits

## June is

- [Alzheimer's and Brain Awareness Month](#)
  - [Caribbean American Heritage Month](#)
  - [National PTSD Awareness Month](#)
  - [LGBTQ+ Pride Month](#)
  - June 19: [Juneteenth](#)
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## Numbers in the News

### **\$4.1 trillion**

The estimated reduction in federal tax revenue between 2025 and 2034 should the House-passed tax bill be signed into law as written. Other findings on changes to the budget deficit indicate that fewer resources would be available to charitable nonprofits and communities.

**Source:** [“Big Beautiful Bill” House GOP Tax Plan: Preliminary Details and Analysis](#), Tax Foundation, May 23, 2025.

## Stay in the Loop

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Nonprofit Essentials, and browse the archive of past editions.

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