



FAQ: Nonprofits in the New Landscape

Updated April 8, 2025

The Trump Administration has issued a number of executive orders and memoranda on a range of issues such as immigration, DEI, the federal workforce, and funding for non-governmental organizations. For many communities and nonprofits, the current landscape is confusing and alarming.

In this FAQ, we focus on how nonprofits could be affected by the current landscape, with an emphasis on those who serve vulnerable communities that are being targeted by many federal actions. This resource builds upon BMP's report, [Sounding The Alarm](#), which revealed that many frontline nonprofits addressing issues such as immigration, LGBTQ rights, reproductive justice, DEI, and Palestinian liberation were already facing heightened scrutiny. Here, we specifically include impacts of federal executive actions on organizations serving vulnerable communities.

The first section includes a series of questions and responses, followed by a summary of pertinent executive orders that may impact the nonprofit sector and links to additional resources. None of the information in this FAQ should be construed as legal advice. As information is quickly changing, we suggest that organizations monitor the news regularly and consult legal counsel to understand the impact of policy developments on their particular nonprofit. Any future updates to this summary will be identified in an orange color.

What is the impact of federal funds on the nonprofit sector?

About 30% of U.S. nonprofits receive funding from the government, amounting to \$303 billion each year, according to [Candid](#). These nonprofits - over 100,000 groups across the country - receive federal funds directly or via pass-through entities for a range of activities to support their communities around health, education, infrastructure, safety, outreach, and more. The Urban Institute [reports](#) that two out of every three nonprofits receive at least one government grant or contract. A delay or freeze in federal funds could mean that [vital programs](#) supporting vulnerable community members facing homelessness, hunger, health disparities, gender-affirming care, and climate disasters may be in jeopardy.



How are nonprofits being affected by the current political environment?

- **Nonprofits are experiencing blocks, delays, or losses to federal funds**

Several executive actions have led to freezes and pauses of federal funding. In late January 2025, the Office of Management and Budget [issued a memo](#) that sought to pause federal funding for non-governmental organizations. States and nonprofits immediately filed lawsuits, leading to restraining orders and injunctions that have effectively blocked implementation of the OMB memo (which the Trump Administration has rescinded).

However, news reports are indicating that federal agencies are using [administrative loopholes](#) in order to pause funding. Additionally, on February 6, 2025, the White House issued a [Memorandum for the Heads of Executive Departments and Agencies](#) stating that it is the Administration's policy "to stop funding NGOs that undermine the national interest" and directing the heads of executive departments and agencies to "review all funding that agencies provide to NGOs." The memorandum also requires agencies to align future funding decisions with the interests of the US and prior executive orders.

The immediate impact of cuts to federal funds as well as the Department of Government Efficiency's dismantlement of federal programs and staffing are already affecting the nonprofit sector. For example, [Native programs, domestic violence organizations, social service providers](#) and [climate justice](#) groups are experiencing uncertainty and pauses in receiving promised funds. In April 2025, funding freezes and staffing cuts at the Department of Housing and Urban Development (HUD) have stalled around [\\$60 million in funds](#) geared towards affordable housing developments. The U.S. Department of Agriculture canceled \$500 million in funds dedicated to [food banks](#) supporting the unhoused population across the country.

Nonprofits and state governments are filing many lawsuits to challenge the Trump Administration's decisions to freeze and/or pause funds. Nonprofits are suffering a multi-layered toll, from tracking litigation outcomes to worrying about paying staff to maintaining operations and serving the organization's mission and constituents.



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- **Organizations with specific missions and program areas are experiencing, and could experience, cuts to federal funds.**

The Trump Administration has made it clear that federal funds to nonprofits can only support programs and activities that are aligned with the White House's policies and priorities. Given the Administration's existing executive orders, it is possible that nonprofits working on issues such as DEI, transgender justice, reproductive justice and abortion access, climate justice, the needs of undocumented immigrants and refugees, and Palestinian liberation may lose access to future federal funds.

- **Specific Impact - Immigration:** The Administration has been attempting to limit the scope of nonprofits that aid immigrants in legal representation and other programs. The U.S. Department of State abruptly terminated grant agreements with all 10 national resettlement agencies for refugee reception and resettlement under the U.S. Refugee Admissions Program (USRAP) for FY-25; these organizations had received funding under USRAP for almost four decades. Additionally, in March 2025, the Administration issued an [executive order](#) calling for the Department of Justice to investigate the immigration bar, which may prevent pro bono immigration legal aid groups from serving people in need. In April 2025, the Department of Homeland Security cut more than \$22 million in federal funds towards nonprofits, libraries and adult education programs that focused on preparing people for citizenship and removing barriers to naturalization by claiming that this work does not align with the agency's priorities. And, the Administration halted \$200 million in funding for legal aid providers representing unaccompanied minor children, although this effort has been [blocked temporarily](#) by a court. *For a deeper dive, read the Immigration Hub's memo [here](#).*
- **Specific Impact - Climate:** As of March 2025, eight nonprofits such as Climate United and the Climate Justice Alliance that received \$20 billion from the Biden Administration have been unable to access their funds. In one case, the head of the Environmental Protection Agency (EPA) tweeted that he [canceled](#) a "Biden-era environmental justice grant" to Climate Justice Alliance and referred to its support for Palestinian liberation. Another organization, Climate United, has filed a [lawsuit](#) against the EPA, claiming that their bank accounts are frozen and they are "struggling to pay staff," leading to a court order that [blocks](#) the government from accessing the grantees funds.



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- **Nonprofits with particular purposes are being cast as engaging in “illegal activities” by the federal government.**

A March 7th Executive Order on public service loan forgiveness [seeks](#) to exclude workers who are employees of nonprofits engaging in “illegal activities” from receiving debt forgiveness. These “illegal” activities include engaging on issues such as immigration and gender-affirming care, and “supporting terrorism.”

- **Beyond the loss of federal funding, nonprofits are facing scrutiny for engaging in constitutionally protected speech and activities, particularly around Palestinian human rights.**

It is possible that some groups might face scrutiny under the Administration’s executive actions related to the designation of foreign terrorist organizations and the use of material support laws to target organizations working with Muslim, Arab, Palestinian and South Asian communities. These possibilities have been exacerbated given legislation such as [HR 9495](#) that threatened to designate nonprofits as terrorist organizations and strip them of their tax-exempt status, and congressional inquiries that identified groups for investigation, particularly those active around Palestinian human rights.

- **Nonprofits are responding to budget uncertainties.**

Nonprofits that are experiencing federal funding pauses or anticipating future funding losses from the government and philanthropy are making hard decisions to not hire new staff, to lay people off, and to cut programs.

- **Nonprofits are responding to heightened community concerns**

In the wake of the executive orders targeting many vulnerable communities, particularly immigrants, nonprofits are facing an increased need for their services and support.

- **Nonprofits could be making changes to their programs and messaging.**

In order to evade scrutiny, reputational harm or loss of funds, [some nonprofits](#) may decide to change the scope of their programs or shift the language they use to describe their services. This may lead to various consequences including confusion and uncertainty on the part of community members and stakeholders.

- **Nonprofit staff are experiencing a range of concerns**

Given the current environment, it is not surprising that across the nonprofit sector, people are dealing with burnout, low morale, fear, anxiety, and uncertainty.



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What can nonprofits do?

- Seek support from legal counsel and organizational development practitioners to understand potential impacts, conduct risk assessments, and plan for various scenarios. See: [this resource](#) from *National Council of Nonprofits*
- Document and share your organization's experiences.
- Express concerns with relevant federal, state, or local agencies about the potential impact of the loss of federal funds for programs that serve vulnerable communities.
- Reach out to private funders and ask them to provide additional funding pathways.
- Mobilize with others facing similar cuts to determine what collective action can be taken across the sector.
- Develop contingency budgets and operational plans for various funding scenarios.
- Consider partnerships with similar organizations to preserve programs.

What can funders do?

- Reassure nonprofit grantees that the foundation stands by them and will support them during this time.
- Give unrestricted funding without limitations.
- Deepen support for organizations working with vulnerable communities and on issues deemed as "controversial" such as immigration, reproductive justice, DEI, and LGBTQ rights.
- Pool together rapid response funds with other funders. Prepare for long-term infrastructure planning.
- Introduce grantees to other funders.
- Provide supports to nonprofit staff to buttress self and organizational resilience.



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How do federal executive actions affect nonprofits?

Below is a brief summary of the Trump Administration’s executive orders that could affect the nonprofit sector (as of April 8, 2025). As information is quickly changing, we suggest that organizations monitor the news regularly. Any future updates to this summary will be identified in an orange color.

Federal Action	Potential Impact on Nonprofits
<p>OMB Memorandum M-25-13 for Heads of Executive Departments and Agencies (Memorandum, January 27, 2025)</p>	<p>Directs a temporary pause of agency grant, loan, and other financial assistance programs, “implicated by” President Trump’s executive orders. The memo also directs all federal agencies to assess federal financial assistance to determine whether it is in alignment with the policy priorities of the Trump Administration.</p> <p>In response, two streams of litigation emerged, one from a group of nonprofits and the other from a group of states. On January 29, the Trump Administration rescinded the OMB memo.</p> <p>In the nonprofits litigation, a federal court issued a preliminary injunction on February 25, blocking the OMB Memo from being implemented with respect to the disbursement of federal funds of all open awards. In the states’ litigation, a federal court issued a preliminary injunction on March 6, blocking the OMB Memo from being implemented with respect to disbursement of appropriated federal funds to the states.</p>
<p>Memorandum for the Heads of Executive Departments and Agencies (Memorandum, February 6, 2025)</p>	<p>States that “[i]t is the policy of the Administration to stop funding NGOs that undermine the national interest.” Directs the heads of executive departments and agencies to “review all funding that agencies provide to NGOs.” Requires agencies to “align future funding decisions with the interests of the US” and with the goals and priorities of the Administration, as expressed in executive actions and “in the judgment of the heads of agencies.”</p>
<p>Initial Rescissions of Harmful Executive Orders and Actions (Executive Order 14148, January 20, 2025)</p>	<p>Directs federal agencies to pause disbursement of funds appropriated through the Inflation Reduction Act of 2022 (Public Law 117-169) or the Infrastructure Investment and Jobs Act (Public Law 117-58).</p>



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Federal Action	Potential Impact on Nonprofits
Protecting the American People Against Invasion (Executive Order 14159, January 20, 2025)	Stops federal funding for any non-governmental organization that provides services, even if indirect services, to non-citizens that may be removable or lack documentation.
Ending Taxpayer Subsidization of Open Borders (Executive Order 14218, February 19, 2025)	Directs federal agencies to identify programs that allow undocumented people to access any federally-funded health and social services <i>and</i> to take actions to deny access to those services. Already, undocumented immigrants access very few public benefits, and this EO could dismantle the entire safety net. It could also affect funding for NGOs who support undocumented immigrants.
Department of Justice Memo - Sanctuary Jurisdiction Directives (Memorandum, February 5, 2025)	Requires all departments to “identify all contracts, grants, or other agreements with organizations that support or provide services to removable or illegal aliens,” directly or indirectly, and pause distributions to identified organizations. States that sanctuary jurisdictions should not receive federal funds. Future grants to be “tailored” to align with Administration’s immigration priorities.
Restoring Public Service Loan Forgiveness (Executive Order, March 7, 2025)	The Public Service Loan Forgiveness program (PSLF), signed into law under President George W. Bush in 2007, provides debt forgiveness to people working for the public service (in government and nonprofits) after making 10 years of consecutive payments. The EO claims that the PSLF has “misdirected tax dollars into activist organizations that not only fail to serve the public interest, but actually harm our national security and American values, sometimes through criminal means.” Directs the Education Secretary to redefine “public service” in such a way as to exclude “organizations that engage in activities that have a substantial illegal purpose” such as immigration and gender-affirming care.



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Federal Action	Potential Impact on Nonprofits
<p>Implementing The President's "Department Of Government Efficiency" Cost Efficiency Initiative (Executive Order, Feb. 26, 2025).</p>	<p>Authorizes DOGE to create a centralized technological system to record and justify payments by federal agencies. Directs federal agencies to review all existing contracts and grants (with priority for funds disbursed to educational institutions and foreign entities) for waste, fraud, and abuse; and to terminate, modify or renegotiate any contracts and grants in order to reduce overall federal spending and to promote efficiency and the Administration's policies.</p>
<p>Ending Illegal Discrimination and Restoring Merit-Based Opportunity (Executive Order 14173, January 21, 2025)</p>	<p>Revokes a series of executive orders and policies in place since the 1990s that promote DEI and terminates "all discriminatory and illegal preferences, mandates, policies, programs, activities, guidance, regulations, enforcement actions, consent orders, and requirements." Directs agencies to identify up to potential civil compliance investigations of DEI programs in the following sectors: publicly traded corporations, large non-profit corporations or associations, foundations with assets of 500 million dollars or more, state and local bar and medical associations, and institutions of higher education with endowments over 1 billion dollars. <i>Note: Many of the DEI orders are being challenged in court. At least one federal court has found provisions of the DEI orders to be unconstitutionally vague and potentially discriminatory towards certain viewpoints. In April 2025, the Supreme Court paused a court order that temporarily blocked the Department of Education from terminating certain teacher grants classified as funding for discriminatory DEI practices.</i></p>
<p>Ending Radical and Wasteful Government DEI Programs and Preferencing (Executive Order 14151, January 20, 2025)</p>	<p>Directs federal agencies to compile lists of federal contractors who have provided DEI training or DEI training materials to agency or department employees and federal grantees who received federal funding to provide or advance DEI; diversity, equity, inclusion, and accessibility; or environmental justice programs, services, or activities.</p>



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<p>Improving Education Outcomes by Empowering Parents, States, and Communities (Executive Order dated March 20, 2025)</p>	<p>Directs the Secretary of Education to dismantle the Department of Education; states that decision-making over education should rest with the states; and requires that the recipient of any allocation or distribution of funds from the Dept. of Education be vetted to ensure compliance with the President’s previous orders attacking gender identity and DEIA.</p>
<p>Department of Justice Memo Ending Illegal DEI and DEIA Discrimination and Preferences (Memorandum, February 5, 2025)</p>	<p>Directs the DOJ Office of Civil Rights to investigate and penalize illegal DEI and DEIA preferences, mandates, policies, programs, and activities in the private sector and educational institutions that receive federal funds.</p>
<p>Reevaluating and Realigning United States Foreign Aid (Executive Order 14169, January 20, 2025)</p>	<p>Halts all obligations and disbursements of foreign development assistance to NGOs, international organizations, and contractors pending a review; allows new disbursements to resume after 90-day review period; requires that foreign aid decisions align with the Administration’s foreign policy.</p> <p>After a lawsuit ensued, a district court ordered the Trump administration to pay hundreds of millions in foreign assistance funds to contractors. The government appealed the decision; the Supreme Court agreed with the district court (March 6).</p>
<p>Implementing the President’s Executive Order on Reevaluating and Realigning United States Foreign Aid (Department of State Press Release, January 26, 2025)</p>	<p>The State Department paused all U.S. foreign assistance funded by or through the State Department and USAID. <i>Note: Legal challenges are underway (February 2025)</i></p>



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Federal Action	Potential Impact on Nonprofits
<p>Preventing Abuses of the Legal System and the Federal Court (Presidential Memorandum, March 22, 2025).</p>	<p>This presidential memorandum to the Attorney General and Secretary of Homeland Security, based on claims that the immigration bar has “rampant fraud and meritless claims,” to investigate immigration attorneys and law firms engaged in what the Administration deems as “unreasonable, and vexatious litigation” against the U.S. The order further directs an investigation of attorneys involved in election integrity work.</p>
<p>Termination of the Reception and Placement Cooperative Agreement for Refugee Resettlement (State Department action, February 26, 2025).</p>	<p>The U.S. Department of State abruptly terminated grant agreements with all 10 national resettlement agencies for refugee reception and resettlement under the U.S. Refugee Admissions Program (USRAP) for FY-25. These organizations had received funding under USRAP for almost four decades..This action seems to be rooted in the Realigning the US Refugee Assistance Program Executive Order 14163 (January 30, 2025) which halted the US Refugee Assistance Program altogether.</p>
<p>Designating Cartels and Other Organizations as Foreign Terrorist Organizations and Specially Designated Global Terrorists (Executive Order 14157, January 20, 2025)</p>	<p>The executive order expands the process for designating certain international cartels and other organizations as Foreign Terrorist Organizations or as Specially Designated Global Terrorists. This order may impact organizations that have been targeted in the past (in the wake of 9/11 and October 7th, for example), and those that provide critical services domestically and for foreign charity purposes.</p>
<p>Defending Women From Gender Ideology Extremism and Restoring Biological Truth to the Federal Government (Executive Order 14168, January 20, 2025)</p>	<p>States that federal funds cannot be used to promote “gender ideology,” which is defined to exclude acknowledgment of trans people. The order creates static definitions of male and female to be imposed through a whole-of-government approach and requires all government agencies to regard self-identification of gender as false. Could impact nonprofits that use federal funds to support trans community members.</p>



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Federal Action	Potential Impact on Nonprofits
Protecting Children From Chemical and Surgical Mutilation (Executive Order 14187, February 3, 2025).	Directs the federal government to bar medical institutes that receive research and education grants, including medical schools and hospitals, from administering gender affirming care to individuals under the age of 19; directs insurance carriers and HHS, through Medicaid or Medicare, to cancel healthcare coverage for gender-affirming care; directs the DOJ to investigate and pursue criminal charges against healthcare providers that support gender-affirming care under an older statute.
Keeping Men Out of Women's Sports (Executive Order 14201, February 11, 2025)	Prohibiting trans women from participating in women's college athletics; directing rescission of all funds from educational programs that do not adhere to the Administration's definitions of gender as set forth in Executive Order 14168; directing all executive departments and agencies to review and rescind grants and funding to all educational programs that do not adopt the Administration's view of gender.
Enforcing the Hyde Amendment (Executive Order 14182, January 24, 2025)	The Hyde Amendment prohibits the use of federal funds to pay for abortions, and will be enforced, with a potential impact on nonprofits that offer family planning or abortion services.
The Mexico City Policy (Memorandum, January 24, 2025)	Prohibits U.S. funding of foreign non-governmental organizations that provide or promote abortions, coercive abortion, or involuntary sterilization globally.

What other resources can we turn to?

- Law firm advisories (ex. [American Immigration Lawyers Association](#); [Arnold and Porter](#); [Democracy Forward](#))
- Impact on Nonprofits: National Council of Nonprofits (see [Executive Orders Affecting Charitable Nonprofits](#) and [General FAQs on Executive Actions Impacting Nonprofits](#))
- Impact on Immigration: Immigration Hub ([Emphasis on Immigrant-Serving Groups](#))



For more information, please visit
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