

CHALLENGING TIMES: HOW U.S. NONPROFIT LEADERS ARE EXPERIENCING THE POLITICAL CONTEXT



MARCH 2025

CEP Research Snapshots are brief, data-informed research publications designed to answer timely, specific questions that are relevant to funders.

KEY FINDINGS

- 1** The overwhelming majority of nonprofit leaders say the current political climate is negatively affecting their organizations.
- 2** Nonprofit leaders are seeking more communication from their foundation funders about the implications of the political context but indicate that most of their funders have not yet communicated with them.
- 3** Worries about current and future funding levels as well as changing funder priorities are top of mind for nonprofit leaders, who are looking for larger and more unrestricted support in this uncertain time.

TOPIC OF INTEREST

Nonprofits in the U.S. are facing unprecedented challenges in the early days of a new presidential administration that is targeting significant portions of the sector. Actions and pronouncements this year that have alarmed nonprofit leaders include a January 27 attempt to halt “all federal funding” in an Office of Management and Budget memo that was later rescinded; attacks on diversity, equity, and inclusion (DEI) in executive orders; and a February 6 White House memo suggesting that “many” nonprofits “are engaged in actions that actively undermine the security, prosperity, and safety of the American people.”¹ Although the attempts to freeze federal funding have been paused at the time of publication of this report, a number of nonprofit organizations receiving federal grants have experienced challenges accessing funding and face considerable uncertainty.² In this context, we wanted to understand both how nonprofit leaders were experiencing the current situation and what they were seeking from their foundation funders.

¹ Office of Management and Budget, “Memorandum for Heads of Executive Departments and Agencies,” January 27, 2025, <https://static01.nytimes.com/newsgraphics/documenttools/da3a3829590efbb7/b0c025ff-full.pdf>; The White House, “Ending Radical And Wasteful Government DEI Programs And Preferencing,” January 20, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/ending-radical-and-wasteful-government-dei-programs-and-preferencing/>; The White House, “Advancing United States Interests When Funding Nongovernmental Organizations,” February 6, 2025, <https://www.whitehouse.gov/presidential-actions/2025/02/memorandum-for-the-heads-of-executive-departments-and-agencies/>.

² David A. Fahrenthold, Sharon LaFraniere, Nicholas Nehamas and Coral Davenport, “Many Groups Promised Federal Aid Still Have No Funds and No Answers,” *The New York Times*, February 12, 2025, <https://www.nytimes.com/2025/02/12/us/politics/trump-federal-aid-freeze.html>

From February 3 through 21 of 2025, the Center for Effective Philanthropy (CEP) surveyed leaders of nonprofit organizations across the United States that receive funding from foundations that give at least \$5 million in grants annually. The findings below summarize nonprofit leaders' most pressing concerns with the current political climate and what they would find most helpful from their foundation funders.

THE SAMPLE OF NONPROFITS REPRESENTED IN THIS RESEARCH

Data used in this report were obtained through CEP's Nonprofit Voice Project (NVP). CEP created the NVP in 2012 (formerly known as the Grantee Voice Panel) to elevate nonprofit experiences to both institutional and individual funders as a way of informing their giving and effectiveness. The NVP is a panel of U.S. nonprofits representative of the national landscape of nonprofits receiving foundation funding from at least one foundation giving \$5 million or more annually. A primary objective of the panel is to help funders, both individual and institutional, better understand the nonprofit experience so they can more effectively support the organizations they fund.

Nonprofits in this sample represent a diverse group of varying organizational sizes, issue areas, and geographic regions. CEP refreshes this sample with new nonprofit leaders every two to four years. For this report, CEP surveyed 893 panel members and 585 responded for a response rate of 66 percent. (See [Methodology](#) for more information about this sample.)

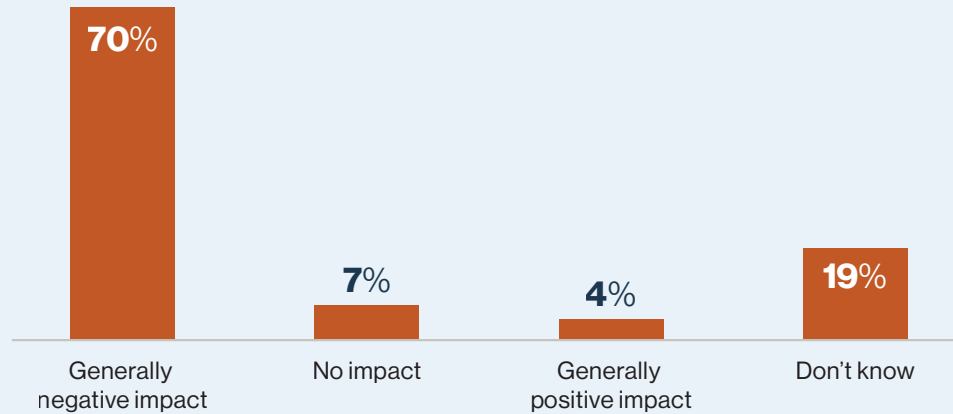
RESULTS

KEY FINDING 1

The overwhelming majority of nonprofit leaders say the current political climate is negatively affecting their organizations.

Almost 90 percent of leaders anticipate the current political climate will have either a negative impact on their organization's ability to carry out its work (70 percent) or are unsure of the ultimate impact (19 percent). (See Figure 1.) About 85 percent of nonprofit leaders cite ways in which the current political climate is already negatively affecting their organization's work, and 94 percent believe it is very likely to negatively affect their organization's work in the future. (See Figures 2 and 3.)

Figure 1. Impact of Current Political Climate on Nonprofits' Ability to Carry Out Work (N=579)



Most frequently, nonprofit leaders state that the outcome of the 2024 U.S. federal elections and changes in federal government funding are, and will continue to, negatively affect them. (See Figures 2 and 3.) In addition, 40 percent report that state and local funding shifts are negatively affecting them, and an even higher number – more than 60 percent – anticipate state and local funding shifts will affect them. (As context, Candid reports that 30 percent of nonprofits receive some government funding; Urban Institute reports that nine out of 10 nonprofits with budgets of \$10 million or more receive some government funding.)³

³ Cathleen Clerkin, Anna Koob, and David Wolcheck, "How reliant are nonprofits on government grants?" *Candid*, February 6, 2025, <https://blog.candid.org/post/how-many-nonprofits-rely-on-government-grants-data/>; Laura Tomasko, "Government Funding Cuts Put Nonprofits at Risk Across the Nation," *Urban Institute*, February 21, 2025, <https://www.urban.org/urban-wire/government-funding-cuts-put-nonprofits-risk-across-nation>

Figure 2. Aspects of Current Political Climate Currently Impacting Nonprofits' Work (N=572)

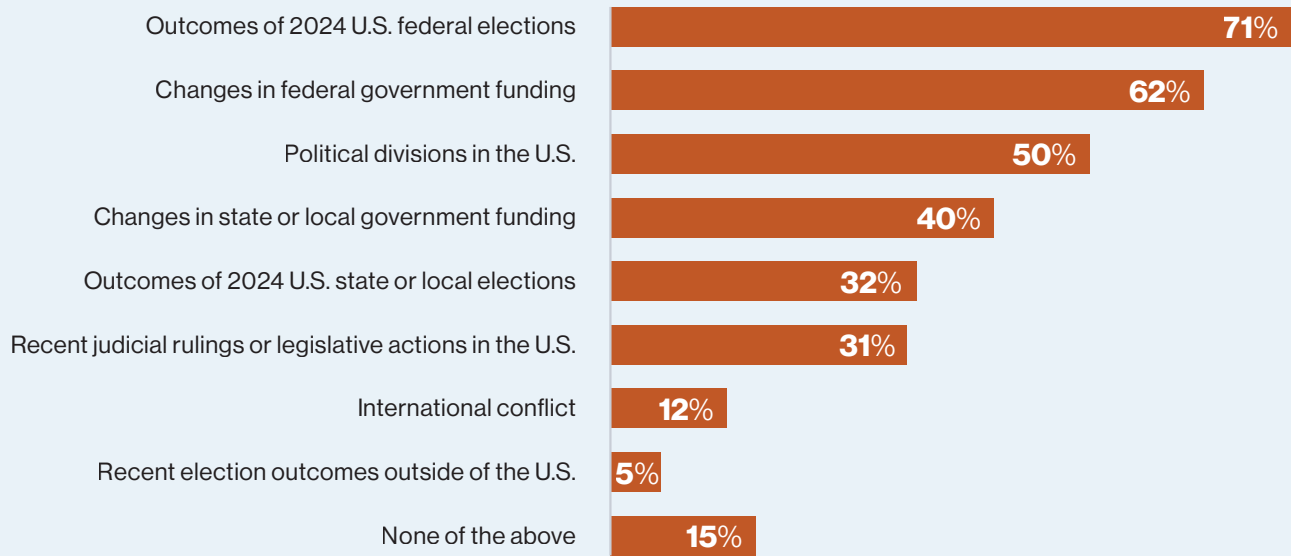
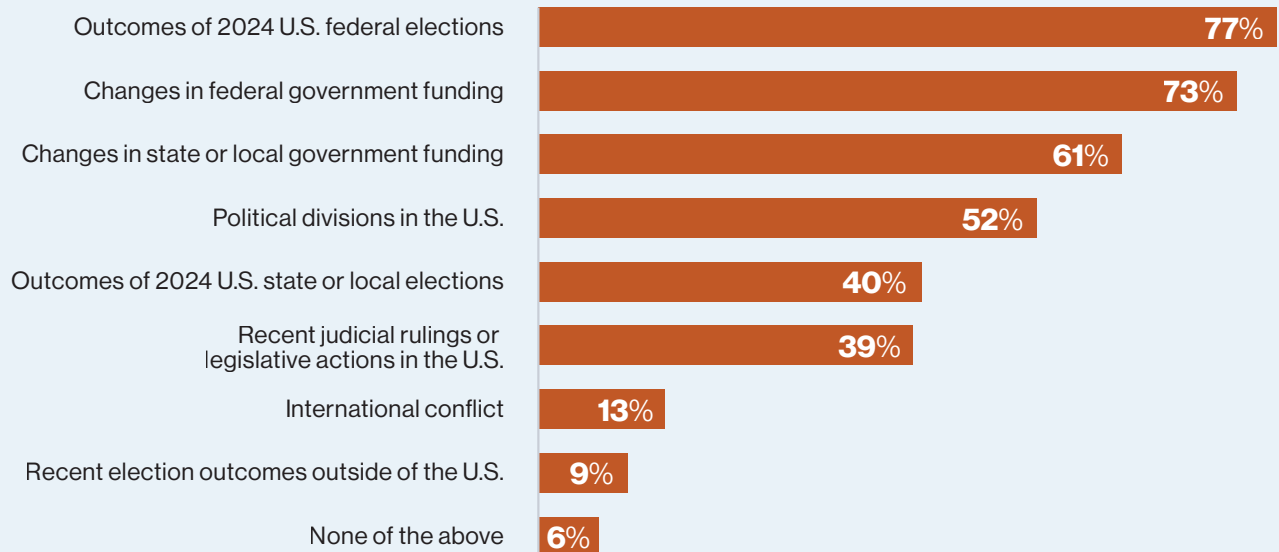


Figure 3. Aspects of Current Political Climate Very Likely to Impact Nonprofits' Work in the Future (N=577)



Many nonprofits report facing difficulty simply carrying out their mission-focused work, saying they have been sidetracked figuring out how to respond to government orders or pronouncements. “The current administration's shutdown on programs that incorporated DEI impacts our work, particularly because health equity and food justice fall clearly under that area,” says one leader. Another explains that these efforts are “affecting how we work with clients and take time away from direct services, fundraising, and other day-to-day work as we update policies and procedures, forms, SOPs, grant deliverables, etc.” Some refer to the “less tangible” effects of political division, noting, “I am seeing divisions within my board's personal political leanings which is starting to have an effect on organization policy. A board member is trying to change our policies as a result of the current political climate.”

“The shift in the political climate may cause a de-prioritization of child welfare in government,” says one nonprofit leader. “Those who already have low incomes will be affected by rising costs of goods and decreases in services available,” says another. “In addition, our funding is under threat so we may have less to offer.” Some leaders also express concern about funding from individual donors, saying, “Donors are fearful of the future and therefore more cautious about donating.” Another says, “I'm already receiving calls from monthly donors saying they have to either reduce the amount, or cancel, their monthly support.”

IN THEIR OWN WORDS: THE RIPPLE EFFECTS OF THE CURRENT POLITICAL CONTEXT ON NONPROFITS

Nonprofit leaders discuss both the direct results of potential or actual losses in funding as well as ripple effects of the uncertainty and challenges their organizations are facing as a result of the new administration's policies.



“If our HUD and related housing and homelessness funding is abruptly cut, as the President was initially proposing, more people will be unhoused, living outside (due to lack of shelter), and the deaths will rise. In the past 2 weeks, we have lost 3 more unhoused individuals due to freezing temperatures. There is a lack of humaneness, compassion, education and understanding from many voting legislators. I can see nothing but turbulence and chaos ahead given this political climate.”

“

“Our behavioral health services are Medicaid funded — the proposed freezing of federal funding distribution could shut us down. Moreover, it makes hiring really difficult as it conveys that our profession is unstable, underfunded, and unappreciated.”

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“There is increased demand because we serve some of the most vulnerable populations in our community, and the current political climate is directly attacking them.”

“

“The national political climate is increasingly uncertain and impulsive. This impacts staff morale, the likelihood that federal funding streams will be cut or eliminated, and it instills anxiety or fear for our financial donors. This fear may result in reduced individual contributions or a shift to contribute elsewhere.”

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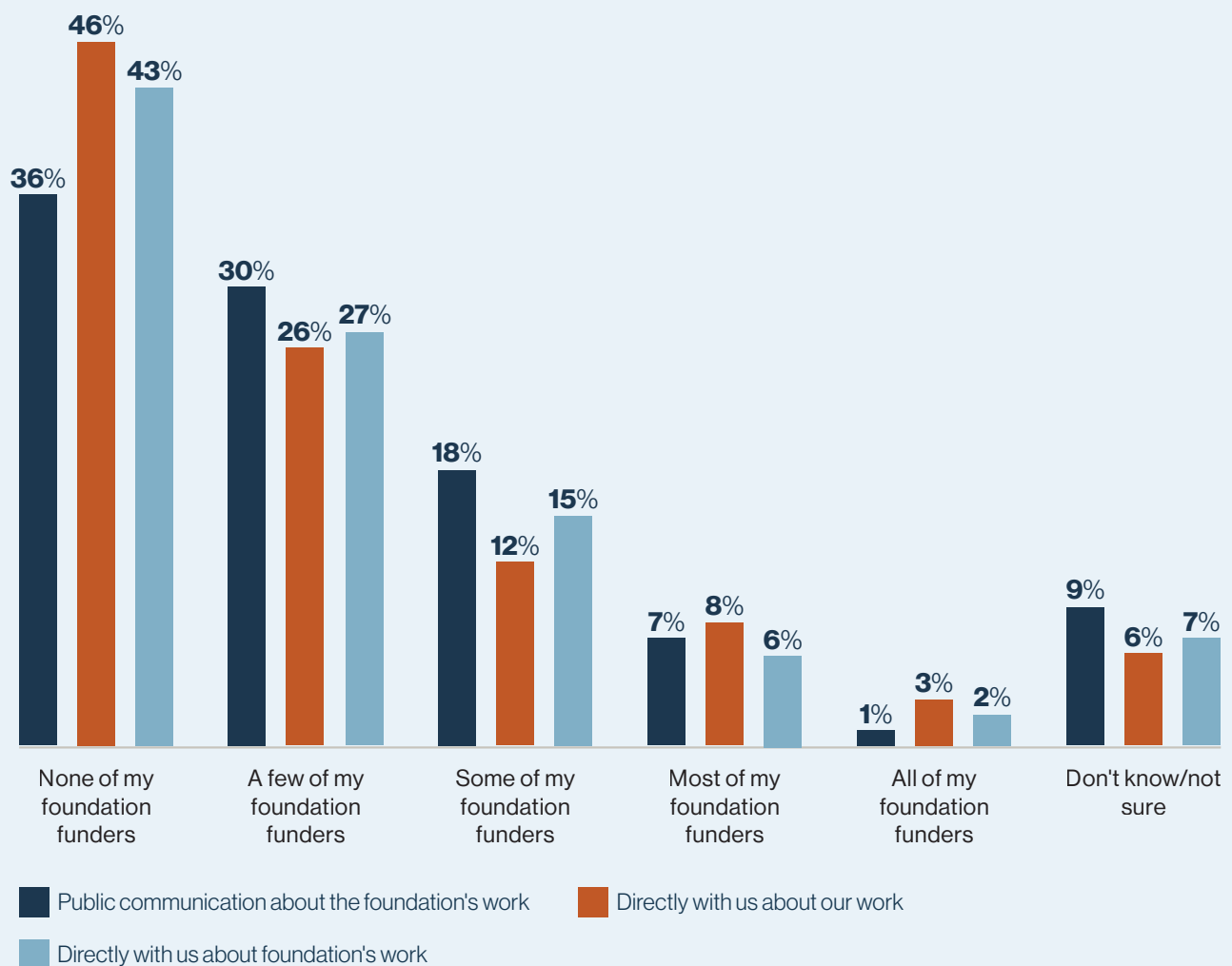
“As an organization dedicated to ‘Advancing Racial Justice,’ the current political climate is both frightening but also infuriating. Communities of color are now openly under attack (both rhetorically and sometimes physically). Hard-fought gains such as Diversity-Equity-Inclusion initiatives are being dismantled and blamed for system failures. Hard-won judicial successes are being unrolled by the Supreme Court. Advances for increased equity for people of color in education, health, voting rights, and economic opportunity are being rolled back. Our communities are under attack and, frankly, it doesn't feel like philanthropy is that alarmed.”

KEY FINDING 2

Nonprofit leaders are seeking more communication from their foundation funders about the implications of the political context but indicate that most of their funders have not yet communicated with them.

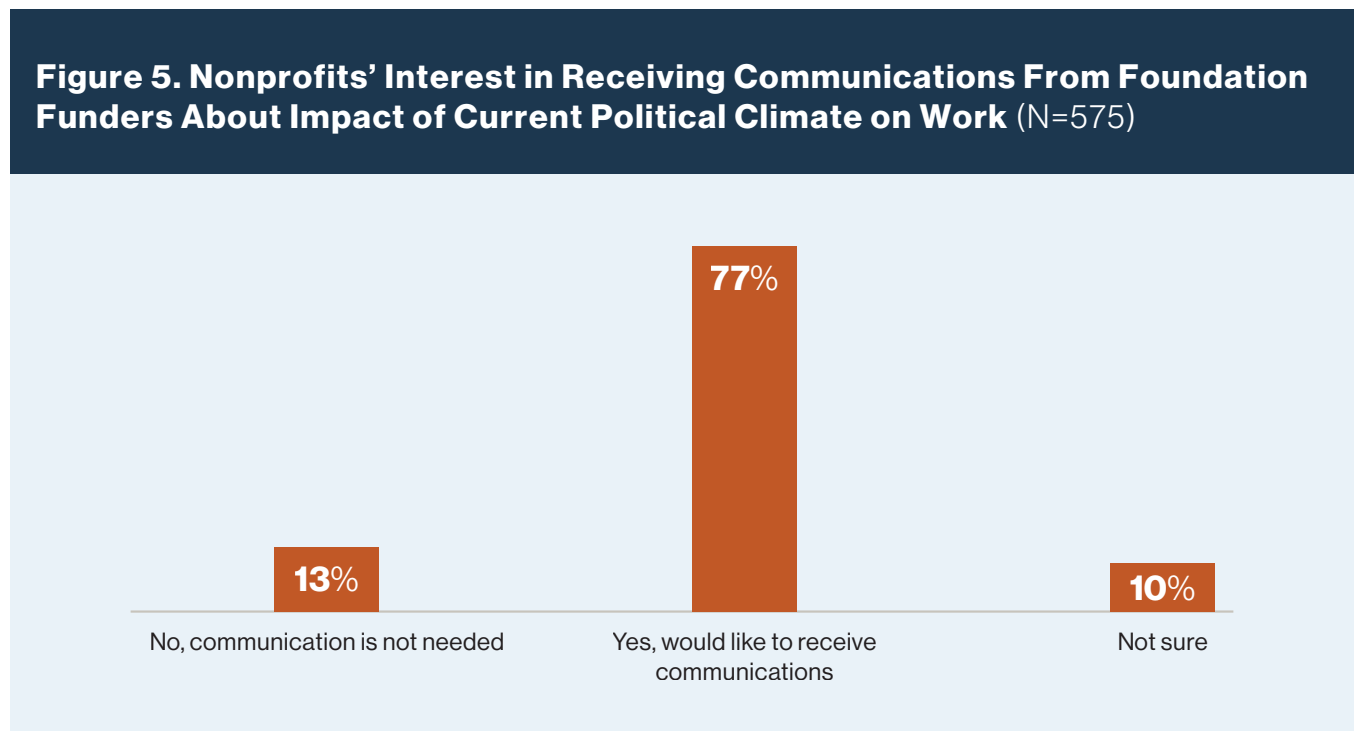
Most nonprofit leaders note that they have not received communications from many of their foundations funders about the current political climate. This pattern relates both to communication about grantees' work and about the work of the foundations themselves. (See Figure 4).

Figure 4. Percentage of Foundations That Communicated With Funded Nonprofits About the Current Political Climate (N=569-571)



Two thirds of nonprofits say that, at the time they were responding (February 3-21), none or just a few of their foundations funders had communicated about these issues through blogs, mass emails, newsletters, or other similar public means.

The lack of communications nonprofits report experiencing stands in stark contrast to their desire for such communications: More than three quarters of nonprofit leaders indicate they would like to receive communications about the implications of the political climate from their foundation funders. (See Figure 5.)



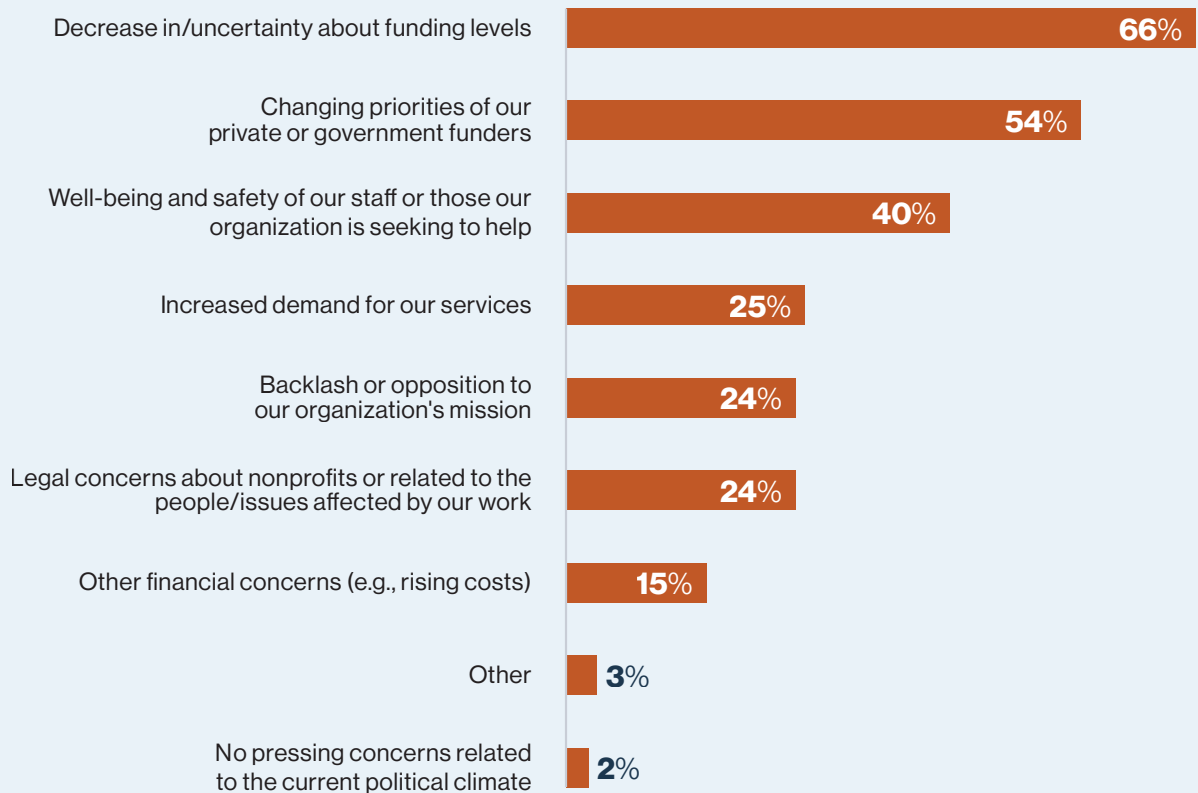
Nonprofit leaders say they would like their foundation funders to “be consistent with their funding and communicate that commitment.” Some leaders express a desire to understand “how are our funders feeling about the political climate” and, in turn, want funders to “have an understanding of how our clients are being affected.” Other leaders would appreciate the opportunity to be connected to new potential funders or to other resources such as “information and resources for digital safety and legal expertise.”

KEY FINDING 3

Worries about current and future funding levels as well as changing funder priorities are top of mind for nonprofit leaders, who are looking for larger and more unrestricted support in this uncertain time.

The most pressing concerns nonprofits currently report facing are decreases in, and uncertainty about, funding. In addition, they also report a high level of concern about the changing priorities of government and private funders. Many nonprofit leaders are also concerned about the well-being and safety of those their organization seeks to help as well as that of their own staff members. (See Figure 6.)

Figure 6. Nonprofits' Most Pressing Concerns Related to the Current Political Climate (N=572)



Nonprofit leaders ask foundations to “courageously fund,” to “give to operating expenses,” and to “not ask us to create new programs.” Many are asking funders to “be flexible in funding [with] fewer restrictions while we navigate the present and future.” As one leader says:

“Given the current political climate, foundation funders can be most helpful to our organization by providing flexible, unrestricted funding that allows us to adapt to changing needs. As

government policies and economic conditions shift, having the ability to allocate resources where they are needed most — whether for direct client assistance, operational support, or emergency response — ensures we can continue to serve our community effectively.”

CONCLUSION

Nonprofits across the United States are experiencing negative impacts from the current political climate. They are seeking greater certainty for their funding (whether from the government or from foundation funders and donors) and express a need for more flexible support and more communication from their funders. As one leader says, “Be bold and public in support of DEI and civic engagement. The most helpful funders are not just grantmakers — they are partners in social change, willing to stand with organizations like ours as we work to build resilient, engaged, and equitable communities in the face of political uncertainty.”

In the final days of our survey period and the days immediately thereafter, we have observed an increasing number of communications from foundations. Our data was collected at a moment in time and should be viewed in that context. Nonetheless, this data indicates both the level of anxiety nonprofit leaders are experiencing in this context — and their strong desire for more communication and support from their funders. We will take the pulse of nonprofits again on these issues in the coming months.

RESOURCES FOR THE CURRENT CONTEXT

This non-comprehensive list of resources is intended to help nonprofits navigate implications of the 2025 political context. (Note: The views expressed in these resources are those of the relevant authors, not necessarily those of CEP.)

Coverage of U.S. Executive Actions

- ▶ National Council of Nonprofits: [Executive Orders Affecting Charitable Nonprofits](#)
- ▶ United Philanthropy Forum: [Executive Actions Impacting the Philanthropic & Nonprofit Sectors](#) (includes suggested actions)
- ▶ Center on Budget and Policy Priorities: [FAQs on Impoundment: Presidential Actions Are Constrained by Long-Standing Constitutional Restrictions](#)

Actions and Strategies

- ▶ CEP Blog: [How Funders Can Respond to an Unprecedented Threat to Nonprofits](#)
- ▶ Grantmakers for Effective Organizations: [Supporting Our Communities: Key Strategies for Navigating Federal Funding Threats](#)
- ▶ The Chronicle of Philanthropy: [‘It’s Not Over’: Steps to Rethink Fundraising After Trump’s Spending Freeze](#)
- ▶ Alliance: [What should philanthropy do about the US freeze on aid? \(USAID specific\)](#)
- ▶ Harvard Business Review: [The Legal Landscape Around DEI Is Shifting. Your Messaging Should, Too](#)

Lists of Additional Resources

- ▶ Funders Together to End Homelessness: [Federal Administration Action Resources for Philanthropy](#)
- ▶ Urban Institute: [Government Funding Cuts Put Nonprofits at Risk Across the Nation](#)

FOR MORE INFORMATION, CONTACT

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METHODOLOGY

The findings in this report are based on survey data collected, analyzed, and interpreted by the Center for Effective Philanthropy (CEP). CEP fielded a survey and received responses from leaders of 585 nonprofit organizations for a response rate of 66 percent.⁴ Information detailing the process for collecting and analyzing the data is below.

NONPROFIT SURVEY METHODOLOGY

NONPROFIT SAMPLE CHARACTERISTICS

In February 2025, CEP invited 897 nonprofit leaders from the Nonprofit Voice Project (NVP) — a panel of U.S. nonprofits that is representative of the national landscape of nonprofits that receive at least some foundation funding — to participate in this survey.⁵ More information on the criteria for inclusion and the original NVP sample creation process can be found on our website [here](#).

NONPROFIT SURVEY INSTRUMENT

This research was part of a larger survey that included other topics, including staffing, finances, and relationships between nonprofits and foundation funders. The section of the survey relevant to this snapshot contained eight items. A copy of the survey instrument can be found on our website [here](#).

NONPROFIT SURVEY ADMINISTRATION

The survey was fielded online for a three-week period in 2025 — February 3 to February 21. Nonprofit leaders were sent an email the week before the launch of the survey to reintroduce them to CEP and inform them about this research study. On the survey launch date, participants were sent an email that included a description of the study, a statement of confidentiality, and an individual link to the survey to prevent respondents from completing the survey more than once.⁶ The survey was distributed in English and was administered through Qualtrics. Participants were sent up to five reminder emails. In appreciation for their time, each survey respondent was provided with a \$30 gift card to a retailer of their choice.

NONPROFIT RESPONSE RATE AND RESPONSE BIAS

Completed surveys, defined as having at least 80 percent of the core questions answered, were received from 575 nonprofit leaders. Ten partially completed surveys, defined as having at least 50 percent of the core questions answered, were received. (See Table 4.)

⁴ A probability methodology was not used to construct these samples.

⁵ While the survey was being fielded, four leaders were removed from the list of eligible respondents because of their departure from the organization or because they were on extended leave/sabbatical for the entirety of the survey period.

⁶ Participants were also informed that a screen reader option was available if needed.

Table 4. Nonprofit Survey Response Rates

Survey period	Number of eligible respondents	Number of completed/partial responses	Survey response rate
February 3, 2025 – February 21, 2025	893	585	66%

Characteristics of responding and nonresponding leaders and organizations were analyzed to determine whether participants were more likely to answer the survey based on staff size, annual expenses, annual revenue, the geographic region where their organization is located, the gender of the nonprofit leader, or whether the nonprofit leader identified as a person of color.⁷ The only statistically significant difference identified between survey respondents and nonrespondents was that nonprofit leaders who identified as a person of color were slightly less likely to respond to our survey compared to those who did not identify as a person of color.⁸

NONPROFIT RESPONDENT CHARACTERISTICS

More than 60 percent of the responding organizations have a local geographic scope, and more than 80 percent have a direct service component. Leaders represented organizations that averaged 42 staff members but ranged from one to 2,500 staff members. The areas tied with the highest number of organizations represented (29 percent of the responding organizations respectively) were the South and West U.S. census regions.

Leaders were invited to select all that apply for their organization’s key focus areas. The top three focus areas were the following:

- ▶ Human services (44 percent)
- ▶ Education (41 percent)
- ▶ Public, societal benefit (27 percent) (*tied*)
- ▶ Social justice (27 percent) (*tied*)

In the survey, respondents were asked questions about their demographic characteristics. (See Table 5.)

Table 5. Nonprofit Respondent Demographics

Nonprofit Respondent Characteristics	Percentage
<i>Race and/or Ethnicity* (N=566)</i>	
White	74%
African American or Black	10%
Latina, Latino, Latinx or Hispanic	8%
Asian or Asian American	5%

(Table continued on next page)

⁷ Chi-square tests were used to compare respondents and nonrespondents and effect sizes were calculated.

⁸ This statistical relationship is of a small effect size.

Table 5. Nonprofit Respondent Demographics (continued)

Nonprofit Respondent Characteristics	Percentage
<i>Race and/or Ethnicity* (N=566)</i>	
Multiracial and/or Multi-ethnic	3%
American Indian, Alaska Native, or Indigenous	2%
Middle Eastern or North African	2%
Prefer not to say [<i>mutually exclusive</i>]	2%
Race and/or ethnicity not included	1%
Pacific Islander or Native Hawaiian	< 1%
<i>Person of Color (N=564)</i>	
Yes	23%
No	75%
Prefer not to say	2%
<i>Gender* (N=566)</i>	
Woman	70%
Man	28%
Gender non-conforming or non-binary	1%
Prefer not to say [<i>mutually exclusive</i>]	1%
Prefer to self-describe/identify	< 1%
<i>LGBTQ+ Community Member** (N=568)</i>	
Yes	13%
No	85%
Prefer not to say	3%
<i>Disability (N=568)</i>	
Yes	10%
No	87%
Prefer not to say	3%

*Respondents were allowed to select multiple racial or ethnic and gender identities.

**Total equals greater than 100% due to rounding.

QUANTITATIVE ANALYSIS OF NONPROFIT SURVEY DATA

The unweighted quantitative survey data from nonprofit leaders were examined using descriptive statistics and chi-square tests. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses. Effect sizes were examined for all analyses. Unless otherwise noted, only analyses with medium or large effect sizes are reported.

QUALITATIVE ANALYSIS OF NONPROFIT SURVEY DATA

Thematic and content analyses were conducted on the responses to two open-ended items in the survey. Quotations from the open-ended survey responses are included in this snapshot. These quotations have been selected to be representative of the themes in the data.

RESEARCH LIMITATIONS

Data for this research were collected during a three-week period, in the context of a rapidly changing environment. Findings are relevant for February 2025 and may change as the weeks and months progress. With a response rate of 66 percent, there is not as much concern about response bias for this study. Still, we do not know the experiences of the more than 30 percent of leaders and organizations that did not respond to this survey, and how they may differ from the 66 percent that did respond.

ACKNOWLEDGEMENTS

This survey draws upon the perspectives of nonprofit leaders that are a part of CEP's Nonprofit Voice Project, which is funded in part by McKnight Foundation and Rita Allen Foundation.

McKNIGHT FOUNDATION



This work is based on CEP's independent data analyses. CEP is solely responsible for its content, which does not necessarily reflect the individual views of the funders or others named in this report.

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