

## Federal Shifts and Local Impacts: Understanding the Effects of National Policy Changes on Community-Based Nonprofits

Prepared for  
the Northern California Association of Nonprofits  
(NorCAN)

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## Introduction

Recent executive orders have introduced significant policy changes that may impact the operations, finances, and community services of local nonprofit organizations. In response to these evolving challenges, the Northern California Association of Nonprofits (NorCAN) initiated this study to better understand and address the sector's emerging needs.

In rural areas such as the Redwood Region—encompassing Humboldt, Del Norte, and Trinity counties, the nonprofit sector plays a vital role in filling service gaps left by under-resourced public systems and limited private sector presence. With a dispersed population, geographic isolation, and high rates of economic hardship, the region relies heavily on community-based organizations to provide critical services—from health care and food access to youth development, environmental stewardship, and cultural programming. These nonprofits often serve as trusted connectors within their communities, offering culturally responsive and place-based support that larger institutions may be unable to provide. As such, disruptions to the nonprofit ecosystem in rural areas can have outsized impacts, making it essential to monitor how policy changes may affect the sustainability and reach of these organizations.

This report examines three interconnected areas of analysis: nonprofit characteristics, organizational and workforce impact, and community impact. The organization serves as the primary unit of analysis, with each nonprofit's operational, financial, and service-related attributes offering critical insights into broader sector-wide trends, vulnerabilities, and resilience.

Understanding nonprofit characteristics—such as mission focus areas and funding sources—provides essential context for evaluating the sector's diversity and identifying which types of organizations may be more vulnerable to policy shifts. These foundational insights help highlight disparities in organizational stability and exposure to disruptions in public funding or administrative priorities.

Building on this foundation, the report explores organizational and workforce impacts, including staff size, employment structures, and payroll expenditures. These indicators shed light on how executive actions may affect internal operations, influencing staffing stability, job retention, and organizational capacity. The analysis also considers the availability of alternative funding sources, offering insight into nonprofits' ability to adapt to financial uncertainty.

Finally, the report assesses community-level impacts by examining the number of individuals served annually. This perspective underscores the broader consequences of federal policy

decisions, revealing how changes in nonprofit sustainability can directly affect vulnerable populations' access to essential services and supports.

By grounding the analysis across these three dimensions, the study presents a holistic view of how executive orders intersect with the nonprofit infrastructure and community well-being in the region.

## Methodology

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NorCAN collected data from nonprofit organizations within Northern California Region to gain insight into the current operational challenges, funding vulnerabilities, and organizational shifts resulting from recent executive orders and budget changes. The goal of this effort was to document both immediate impacts and anticipated needs across the local nonprofit sector.

Data were gathered through a structured survey distributed by NorCAN to nonprofit organizations during March and April 2025. The survey included a combination of closed-ended and open-ended questions designed to capture quantitative metrics (e.g., staffing changes, funding sources, service reductions) and qualitative insights (e.g., organizational adaptations, concerns about future policy impacts, and shifts in language or public messaging strategies).

Respondents were asked to reflect on specific changes made within their organizations, including policy adjustments, alterations in service delivery, and responses to diversity, equity, and inclusion (DEI)-related pressures. Each section of the report integrates both quantitative metrics and qualitative insights, labeled *Extended Analysis*, which draw from open-ended survey responses.

## Executive Summary

Recent federal policy changes and budget uncertainties are significantly impacting community-based nonprofit organizations in the Redwood Region. As a geographically isolated and economically vulnerable rural area, the region relies heavily on nonprofits to provide essential services in the absence of robust public infrastructure. Survey results show that indirect federal and state funding are the most common revenue sources, with 52% of nonprofits relying on each. However, the majority of organizations (68%) reported having no alternative funding plans or were unsure whether any existed. As one respondent noted, *“The likelihood our community can make up that difference in addition to their existing support is unlikely,”* highlighting the sector’s vulnerability to federal and state funding cuts.

Nearly two-thirds of organizations expect layoffs ahead, and even those not immediately anticipating layoffs report that current staff are stretched thin. Major fields such as education, environmental programs, health and mental health services, and community and civic engagement are experiencing significant disruptions, compounding the challenges faced by the nonprofit sector. In rural areas, where residents often have limited access to services and transportation barriers, even small-scale service reductions can leave entire communities without support. Service reductions are already affecting essential community support, including housing assistance, shelter beds, food distribution, and hygiene services. Furthermore, programs, such as women’s shelters, are now at risk of elimination. These combined challenges threaten not only the well-being of vulnerable populations but also the broader economic stability and long-term resilience of the nonprofit sector.

Policy and organizational shifts are also underway. Nearly one in five organizations have already made DEI-related policy changes, and 59% either anticipate further changes or remain uncertain about future adaptations. Despite the removal of DEI language from public materials, many organizations emphasized that their internal commitment to equity has not changed. In response to mounting pressures, nonprofits are adopting a *“watchful waiting”* approach, balancing mission-driven work with the realities of needing to adapt public messaging—described by one respondent as *“playing the game so we can keep doing what we do but appease the monsters in DC.”*

Federal funding instability further exacerbates operational challenges. Numerous organizations reported paused or frozen contracts, with some having over \$15 million in grants temporarily halted. While funding is beginning to resume, the disruptions have strained nonprofit operations and increased fear among leadership, staff, and clients. As one participant summarized, *“We are deeply concerned we won’t be able to assist those in need.”* These findings underscore the urgent need for continued monitoring, resource support, and advocacy to sustain essential community services during this period of uncertainty.

# Survey Results

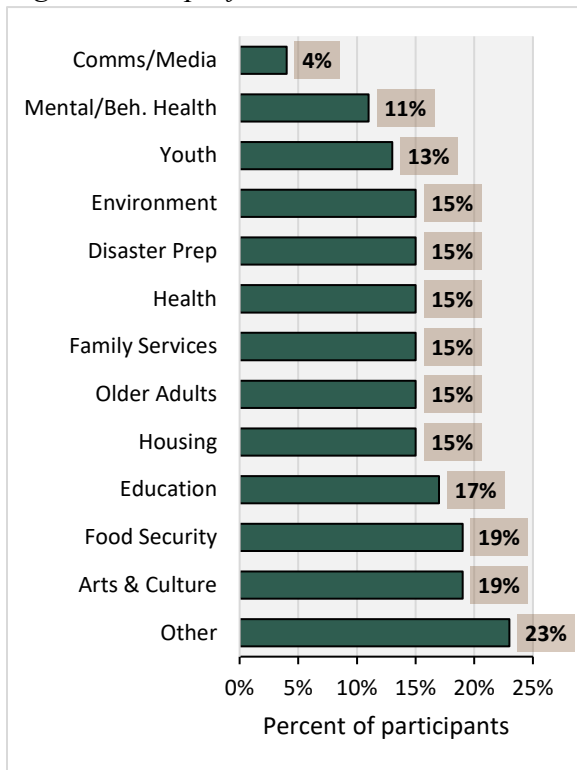
## Non-profit Characteristics

The Non-Profit Characteristics section provides foundational context for understanding the operational realities of local organizations and how they may be affected by current executive orders. This section includes the key categories, each offering a distinct lens into the capacity, vulnerability, and resilience of the nonprofit sector.

### Areas of focus

The focus area highlights the mission-driven work of each organization, revealing the range of issues addressed—such as arts and culture, education, food access, and other essential community services. This helps identify which sectors may be more susceptible to policy shifts or funding changes.

Figure 1. Nonprofit Focus Area



Participant organizations ( $N = 47$ ) report a broad range of non-profit focus areas, with an emphasis on arts & culture, education, food access, and other community-based work that may not fall neatly into predefined categories.

- 66% of participant organizations selected one focus area, while 26% selected between 2-4 focus areas.
- 23% of organizations selected "Other" as a focus area. These included:
  - International Social Work
  - Community Library Services
  - Voter Education
  - Economic Development
  - Parks and Community Space
  - Spirituality

## Organizational Size

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Organizational size, reflected in staffing numbers, indicates overall capacity and operational scale. Smaller organizations may be less equipped to absorb funding losses, while larger ones might face significant workforce disruptions if public support is withdrawn.

*Table 1. Number and Percent of Employees by Type*

Staff Type	Number of Organizations	Percent of Organizations
Full time	29	74%
Part time	33	85%
Seasonal	8	21%

- Among 39 organizations with at least one staff member, 74% have full-time employees, 85% have part-time employees, and 21% have seasonal employees.

## Payroll

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Payroll data provide insight into financial investment in personnel. It serves as a proxy for organizational infrastructure and offers clues about how policy-related budget changes could impact employment and service delivery.

*Table 2. Distribution of Annual Payroll Expenditures*

Payroll Range	Number of Organizations	Percent of Organizations
\$0	1	3%
\$1-\$100K	10	29%
\$100K-\$499K	11	31%
\$500K-\$999K	5	14%
\$1M-\$2.49M	5	14%
\$2.5M+	3	9%
<b>Total</b>	<b>35</b>	<b>100%</b>

*Note.* Analysis excluded cases with no reported staff

- Minimum and maximum annual payroll: \$0-\$10 million
- 60% of organizations report annual payrolls expenditures under \$500k.
- About 29% had payrolls of \$500K or more, suggesting a smaller segment of larger organizations.
- One nonprofit reported \$0 payroll, which may reflect volunteer-only operations or a data error.

## Current Funding Sources

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Current funding sources, particularly federal, state, and local public funding, are essential to assessing organizational reliance on government support. Understanding which organizations are most dependent on these funds helps anticipate where the greatest disruptions may occur.

*Table 3. Non-Profit Revenue Source by Funding Type - Federal, State, and Local*

<b>Funding Source</b>	<b>Number of Organizations</b>	<b>Percent of Organizations</b>
Federal (direct)	18	40%
Federal (indirect)	22	52%
State	22	52%
Local	18	44%

- Many participant organizations rely on public funding, but no single source is dominant across the board.
  - Nonprofits may often piece together support from multiple sources or rely on other funding streams not captured in the survey (e.g., private or community-based).
- Indirect federal and state funding are the most common sources, with 52% of respondents receiving each.

## Alternative Funding Sources

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This section explores the presence (or absence) of contingency plans should public funding be rescinded. This speaks directly to organizational resilience and strategic preparedness in times of political or fiscal uncertainty.

*Table 4. Nonprofits with Alternative Funding Sources*

<b>Response</b>	<b>Number of organizations</b>	<b>Percent of organizations</b>
Yes	14	32%
No	14	32%
I don't know	16	36%
<b>Total</b>	<b>44</b>	<b>100%</b>

- When asked whether they have alternative funding sources in the event that public funding is rescinded through executive orders, the majority of nonprofits (68%) reported having no alternatives or were unsure whether any exist.

## Extended Analysis

In response to potential cuts in public funding, many nonprofit organizations are beginning to explore alternative funding strategies to ensure program continuity and organizational stability. The following themes emerged from the data:

1. Exploring or Pursuing Alternative Funding
  - Many organizations are actively investigating other funding options, though outcomes remain uncertain.
  - Several are pivoting grants, increasing grant-writing efforts, and seeking foundation support.
  - Some are initiating conversations with funders to explore new possibilities.
  - State-level funding may offer a buffer if federal resources are reduced.
2. Fee-for-Service and Earned Income
  - Organizations are exploring fee-for-service models for select programs, while maintaining free access to essential services.
  - Some are considering monetization strategies such as website features and other earned income streams.
  - Contracts and pro bono technical assistance may offer partial support.
  - Volunteer-driven fundraising events are also being planned to help bridge financial gaps.
3. Specific Resources and Financial Targets
  - One organization reported the need to raise \$50,000 annually to sustain services.
  - In-kind business services are being explored as a way to reduce operational costs.
4. Community-Based Funding and Limitations
  - Community fundraising is under consideration, though organizations are cautious about its potential impact.
  - As one respondent noted, *“The likelihood our community can make up that difference in addition to their existing support is unlikely.”*
  - While some individuals could contribute more privately, such contributions remain out of reach for many.
5. Uncertainty or No Immediate Plans
  - Several organizations reported no current need for alternative funding or indicated it was too early to quantify.
  - Others acknowledged that securing replacement funding would be a significant challenge if cuts were enacted.

## Community Served

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Community Served quantifies the reach of nonprofit services and helps contextualize the potential human impact of reduced organizational capacity. It also underscores the scale of need that may go unmet if executive orders disrupt nonprofit operations.

*Table 5. Number of Individuals Served Annually*

People served (Range)	Number of organizations	Percent of organizations
1- 499	9	25%
500 - 2,999	12	33%
3,000 - 9,999	7	19%
10,000 - 49,999	4	11%
50,000+	4	11%
<b>Total</b>	<b>36</b>	<b>100%</b>

*Note.* Analysis includes organizations that reported more than 0 individuals.

- Minimum and maximum number of people served: 18 - 160,718
- There may be wide variation in annual numbers of individuals served by local nonprofits.
  - The majority of participant organizations (77%) serve fewer than 10,000 individuals annually; about one in five (22%) serve tens of thousands annually.

## Organizational and Workforce Impact

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Nonprofit organizations often operate with limited financial margins, and workforce stability is directly tied to the availability and continuity of funding, particularly from public sources. By examining staff layoffs, both those already implemented and those anticipated, this report captures how administrative policy decisions are translating into immediate organizational consequences.

These data provide insight into not only the financial stress experienced by nonprofits but also the strategic decisions they are being forced to make in order to remain operational. Staff reductions often signal deeper structural challenges and can undermine an organization's capacity to deliver essential services, retain institutional knowledge, and maintain community trust.

## Initiated and Anticipated Staff Layoffs

Table 6. Initiated and Anticipated Staff Layoffs

Layoff Status	Number of organizations	Percent of organizations
Layoffs initiated	4	10%
Layoffs anticipated	9	23%
Unsure about future layoffs	15	39%
Do not anticipate layoffs	15	39%

- Layoffs due to recent executive orders have been rare thus far, initiated by 10% of staffed organizations.
- Most organizations (nearly two in three) expect layoffs ahead or are not sure, possibly highlighting widespread uncertainty about job security within the nonprofit industry for the foreseeable future. Current staffing levels are holding, but confidence is fragile—only 39% feel confident layoffs are not a concern for their organization.

### Extended Analysis

Eighteen non-profit organizations shared detailed comments regarding their anticipated staffing changes over the next three to six months, offering insights into how funding uncertainty is shaping workforce planning. Their responses reveal several key themes:

1. **Hiring Constraints:** Several organizations reported hiring freezes and unfilled vacancies due to budget limitations.
2. **Risk of Layoffs:** Layoffs remain a possibility, particularly for organizations dependent on unstable funding streams or government contracts.
3. **Staffing Adjustments:** Anticipated changes include reductions in hours, position eliminations, and role downgrades.
4. **Stretched Capacity:** Even without layoffs, many organizations noted that current staff are operating under strain.
5. **Contingent Growth:** A few organizations have made plans to expand staff only if new funding is provided.
6. **Uncertainty About Sustainability:** At least one organization raised concerns about the viability of continued operations without additional support.

## Community Impact

While much of the policy discourse tends to focus on institutional or budgetary outcomes, this section intentionally centers on service delivery and the broader societal consequences of funding disruptions and regulatory shifts. By examining initiated and anticipated service reductions, the report captures how organizations are already scaling back or preparing to limit the scope of their programs—often directly impacting vulnerable populations who rely on these services. In addition, the section explores the ripple effects of these changes, and the institutional responses organizations are developing in real time. Taken together, these insights provide a comprehensive picture of the human and systemic impacts of executive policy decisions.

### Initiated and Anticipated Service Reductions

This section highlights services that nonprofits have already scaled back, suspended, or eliminated, as well as services that are at risk of future cuts. Documenting these reductions provides a clearer picture of where gaps are emerging in community support networks and which populations may be disproportionately affected.

*Table 7. Initiated and Anticipated Service Reductions*

Response	Number of organizations	Percent of organizations
Already reduced services	12	26%
Anticipate reductions	13	30%
Unsure about future reductions	16	37%
Do not anticipate reductions	16	37%

- Service reductions are already underway for over a quarter of organizations, showing that the impact of funding and policy shifts is not just anticipated—it’s happening now.
- While only 30% expect additional reductions, a similar share (37%) are uncertain, suggesting many organizations remain in a holding pattern, unsure of what cuts may be required in the near future.
- Taken together, two-thirds of organizations either foresee cuts or aren’t confident they can avoid them, pointing to a section of the industry possibly operating under persistent uncertainty.

## Extended Analysis

As a result of recent funding challenges, several critical programs and services have been *reduced* or *eliminated*, particularly in the following areas:

1. Community and Client Services
  - Reduced rental assistance and energy assistance programs
  - Suspension of accepting new applications for assistance
  - Decreased availability of housing support and shelter beds, food service and distribution at food pantries, and showers and hygiene facilities for clients
  - Scaling back or discontinuation of church services, workshops, and community groups
2. Youth and Education Impact
  - Plans to expand youth-focused events and educational programs have been put on hold
  - Youth program participation was reduced by 300 students (from 800 to 500)
  - An educational program will end after the current school year unless alternate funding is secured
  - School field trips related to environmental education have been eliminated due to canceled funding
3. Environmental Programs
  - Another agreement faced a rescinded stop-work order
  - Resulting cancellations include local contractor engagement and staff hours
  - Additional funding opportunities for environmental initiatives have been withdrawn
4. Staffing and Operational Reductions
  - Layoffs of four additional staff members
  - Reductions in executive salaries
  - Cuts to operational expenses, including supplies, travel, and services
  - Reduced time available for staff training

*Future reductions and eliminations* are anticipated across several service areas if funding challenges persist, particularly in the following areas:

1. Housing and Shelter services
  - Reduced or eliminated housing rental assistance
  - Potential cuts to shelter beds and access to hygiene facilities, such as showers
  - Caps on time and money invested per family for housing support
  - Significant impacts on housing and shelter services if major contracts are lost
2. Food and Basic Needs assistance
  - Less food available at pantry distributions

- Decreased local food purchasing and nutrition-focused programming
  - Fewer hygiene supplies distributed to individuals in need
  - A need to identify alternative methods to maintain food security services
3. Energy and Utility Assistance programs
    - Threats to weatherization and energy services
    - Disruption of future services due to the shutdown of the federal energy assistance program, despite prior full funding.
  4. Education and Youth Programs
    - Fewer students served through school-based education initiatives
    - Cuts to community youth engagement activities, including teen programs, kids' activities, and art and cultural events
    - No planned expansions to meet broader educational or outreach needs
  5. Environmental and Interpretive Programs
    - Slowed or paused coastal resiliency and restoration work due to funding uncertainty
  6. Outreach and Mobile Services
    - Potential cuts to mobile outreach services
    - Possible elimination of some mobile distribution services
  7. Staffing and Operations
    - Fewer staff hours or reduced office availability
    - Staff cuts or hour reductions for program personnel if federal funding is not renewed
  8. General Program Flexibility
    - Programs may shift focus or scale down to core priorities only, limiting growth and added outreach
    - Entire services may be at risk if siloed funding sources are lost

## Broader Implications

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Broader implications examine how nonprofit instability reverberates beyond individual organizations, potentially impacting entire sectors such as education, healthcare, housing, and food security. This section situates nonprofit challenges within larger community and economic systems, underscoring the interconnectedness of public and nonprofit service ecosystems.

**Consequences and Ripple Effect.** This section explores the secondary and tertiary impacts of nonprofit disruptions. Service reductions can trigger increased demand for other community resources, strain public services, and contribute to worsening social outcomes such as heightened poverty, food insecurity, and educational disparities.

*Table 8. Number of Individuals Impacted by Reduced or Eliminated Services*

People Impacted (Range)	Number of organizations	Percent of organizations
1-199	4	20%
200-999	6	30%
1,000-4,999	5	25%
5,000-49,999	3	15%
50,000+	2	10%
<b>Total</b>	<b>20</b>	<b>100%</b>

- Minimum and maximum number of individuals impacted: 10-160,718
- Half of the organizations (50%) anticipating service reductions expect the impact to affect fewer than 1,000 individuals.
- Another 25% project impacts in the 1,000–4,999 range, suggesting a moderate regional reach for some reductions.
- One in four organizations anticipate disruptions affecting 5,000 or more people, with 10% estimating 50,000+. These high estimates suggest that a small number of organizations deliver large-scale services, and any reductions could have wide-reaching effects on service provision.
- These results reflect a diverse service footprint across organizations, from small direct service providers to large-scale distributors and outreach entities.

### Extended Analysis

If services are reduced or eliminated, the community will experience significant and far-reaching changes across multiple sectors. According to the nonprofit organizations, the following sectors will be affected:

1. Housing and Homelessness
  - Increased homelessness and more individuals living unsheltered
  - Closure of facilities, potentially leaving entire communities without support services
  - Elimination of the only available women’s shelter, leaving families with nowhere to go
  - More households are severely cost-burdened due to high rent-to-income ratios
  - Greater risk for people already "*living on the edge*" to fall into homelessness
2. Food Insecurity and Basic Needs
  - Increased food insecurity and hunger across the community
  - Less food available for people in poverty, coinciding with cuts to other federal food programs
  - Reduced access to hygiene services, emergency reporting, and basic client services

- Loss of home heating assistance for 1,200–2,000 households and weatherization support for 150–200 households
3. Health, Mental Health, and Caregiving
    - More visible mental health crises, communicable disease risks, and exposure-related deaths
    - Reduced access to mental health services, case management, and elder abuse investigations
    - Increased caregiver stress, with some caregivers potentially unable to continue working
    - Fewer support for seniors, family caregivers, and residents in long-term care
  4. The Impact on Children, Youth, and Education
    - Reduction in school-based programs, youth outreach, and educational field trips
    - Loss of scholarships that could prevent students from pursuing higher education
    - Fewer extracurricular activities and learning opportunities for local youth
    - Long-term negative effects as today’s youth face fewer early interventions and support
  5. Environmental and Climate Resilience Work
    - Reduced or halted coastal restoration efforts, leaving vulnerable areas unprotected
    - Fewer stewardship events, citizen-science programs, and interpretive activities
    - Decreased opportunities for local K–12 students to engage in nature through field trips and educational programming
  6. Community, Culture, and Civic Engagement
    - Decreased cultural programming, including fewer festivals, arts events, and library activities
    - Loss of voter education initiatives and candidate forums during elections
    - Less community participation in events such as Arts Alive and July 4th celebrations
    - Erosion of the social infrastructure critical for disaster preparedness and civic connection
  7. Economic and Organizational Stability
    - Support for local businesses, nonprofits, and government agencies decline
    - Leadership development, networking, and professional support programs are lost
    - Increased economic instability and decreased household income across the community
    - Some organizations report that they “*won’t last too long,*” even with innovation and flexibility

**Policy Shifts and Institutional Responses.** This section analyzes how nonprofits are responding to evolving policy landscapes—whether by advocating for change, restructuring programs, or forming new partnerships. It highlights organizational resilience strategies and underscores the role of advocacy and collaboration in times of uncertainty.

*Table 9. Initiated DEI Policy Changes and Anticipated General Changes*

Policy Changes Status	Number of organizations	Percent of organizations
Made DEI policy changes	8	17%
Anticipate making policy changes	7	16%
Unsure about future policy changes	19	43%
Do not anticipate making policy changes	18	41%

- Nearly one in five organizations have already made DEI-related policy changes due to recent executive orders
- A majority of organizations (59%) anticipate either making future policy changes or are unsure about making policy changes, signaling a climate of uncertainty and cautious observation.

### Extended Analysis

In response to political and funding pressures, many nonprofit organizations made significant changes to their public messaging, internal policies, and service structures. These changes reflect both a strategic adaptation to external expectations and an effort to preserve organizational sustainability amid an increasingly polarized environment.

1. Policy and Language Changes due to DEI-related pressures
  - a. Removed DEI language from websites and public-facing materials:
    - Words like “diversity” and “immigration services” were erased from organizational narratives and tax documents (e.g., 990 forms).
    - DEI-related terms were scrubbed from websites out of fear of losing funding.
  - b. Staff communication and internal committees were affected:
    - Cancellation of monthly JEDI (Justice, Equity, Diversity, Inclusion) committee meetings.
  - c. Changes to organizational policies:
    - Adoption of "Officer on Site" policies in response to changing expectations.
  - d. Reduction of services and staff:
    - In some cases, DEI-related pressures were part of broader changes that included reducing or eliminating services and staff layoffs.

- e. Edited social media and public messaging to avoid highlighting DEI-related content.
2. Advocacy & Mission-Driven Resilience
    - Despite changes in language, some organizations emphasized that their commitment to equity remains unchanged.
    - One organization highlighted a renewed need to advocate more aggressively for marginalized communities, especially in response to local efforts to criminalize poverty and homelessness.
    - There is an increasing reliance on community partnerships (like food banks) to help meet basic needs as external pressures intensify.
    - Some organizations are sharing their mission and services more clearly via their websites to reinforce public understanding of their purpose.

**Initiated and Anticipated Organizational Policy Changes.** This section focuses on how nonprofits are preparing for ongoing challenges. It examines proactive steps organizations are taking, such as diversifying funding streams, reimagining service delivery models, and investing in workforce flexibility to sustain operations despite shifting political and fiscal environments. Many of these changes are anticipated to take place within the next three to six months as organizations respond to evolving conditions.

Organizations anticipate that additional changes may be necessary to navigate ongoing political and funding pressures. The following changes are anticipated:

1. Strategic Adaptation & Cautious Navigation
  - a. Several organizations are taking a "*watchful waiting*" approach:
    - Monitoring legislation related to immigration, equity, and safety.
    - Unsure of what changes will be required, especially in the educational sector.
    - Some say, "*We don't know,*" but are preparing for potential shifts.
  - b. Others are modifying language or public-facing messaging:
    - Some may remove DEI wording from materials while continuing the core work.
    - One response: "*Playing the game so we can keep doing what we do but appease the monsters in DC.*"
2. Creative & Safe Workarounds
  - a. Finding creative ways to maintain safe spaces and social justice work while protecting clients, staff, and collaborators.
  - b. Ensuring that community safety and well-being remain central to any strategy.
3. Potential or Anticipated Cutbacks

- a. Some are considering changing or eliminating focus areas like climate resiliency and equity in program accessibility.
  - b. Others noted possible elimination of DEI policies altogether—though not always by choice.
4. Funding Adjustments & Resilience
- a. Recognition that state support for DEI is still present in some areas, offering hope and continuity.
  - b. Efforts to strengthen fundraising, including:
    - Capital fund drives
    - Increased outreach to corporate sponsors
    - More community-based fundraising to bridge local government shortfalls

**Emerging Uncertainties.** The last section addresses the open questions and risks that remain as nonprofits navigate a dynamic policy environment. It recognizes that evolving executive orders, funding realignments, and broader economic shifts create an unpredictable future that demands continuous assessment and strategic agility from nonprofit leaders. The following themes emerged from the responses:

- 1. Fear, Stress & Uncertainty
  - a. Many organizations reported heightened fear and stress among staff, clients, and community members:
    - *“Fearful, concerned workforce and fearful, worried students.”*
    - *“Staff and board members are under mental health stress due to uncertainty.”*
    - *“Residents are scared to come to events or the food pantry—some may go without food.”*
  - b. Ongoing uncertainty about funding and policy impacts has taken a toll on leadership bandwidth and emotional well-being.
  - c. Several organizations noted it’s still too soon to know the full fallout but anticipate deep cuts.
- 2. Funding Delays, Cuts & Operational Challenges
  - a. Numerous organizations reported paused or frozen federal contracts, with some having over \$15 million in grants frozen, now slowly resuming.
  - b. Delayed reimbursements have forced operational adjustments:
    - Wage and hiring freezes
    - Delayed returns from furlough
    - Changes to contractor agreements (e.g., reimbursing only after federal reimbursement)
  - c. Loss or instability of key funding streams is leading to financial insecurity.

- d. Many expressed concerns about how small organizations with limited reserves will survive these disruptions.
3. Community Impact & Client Vulnerability
  - a. Increased risk for mental health clients, Medicaid/Medi-Cal beneficiaries, and those experiencing poverty and housing insecurity.
  - b. Worry that county services for individuals with mental illness will be cut or weakened.
  - c. *“We are deeply concerned we won’t be able to assist those in need.”*
4. Adaptation & Creative Solutions
  - a. Organizations are actively seeking alternatives and implementing strategies such as:
    - Local fundraising and stronger messaging
    - Updated contracts and monthly billing practices to reduce risk.
    - Strengthened local-level focus, emphasizing community resilience and volunteering.
    - Reevaluation of pricing models for affordable community spaces.
5. Concerns About Public Messaging & Media
  - a. Some leaders emphasized the need to control the narrative, citing past success with carefully framed messaging and public statements.
6. Sector-Specific Considerations
  - a. Arts and community spaces worry about rate increases pricing out underserved groups.
  - b. Some nonprofits anticipate greater pressure to fill gaps left by federal agencies.
  - c. Chamber of Commerce affiliates worry about membership losses tied to declining business revenues.
7. Reflections, Hopes & Suggestions
  - a. Several organizations highlighted their ongoing commitment to DEI and social justice, despite political and funding pressures.
  - b. A few noted they are not impacted by federal orders due to lack of federal funding or status as volunteer-led efforts.
  - c. One participant suggested that this survey be resumed in six months, as impacts are still unfolding.