



Workforce and Community Consequences of Government Funding Disruptions in 2025

Findings from the Nonprofit Trends and Impacts Study

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More information about the Nonprofit Trends and Impacts study is available at <https://www.urban.org/nptrends>.

Executive Summary

Government funding disruptions, defined as a loss, pause, freeze, delay, or stop-work order of government funding, can affect nonprofits not only as budgetary events but also as workforce shocks that constrain their ability to serve communities. Using nationally representative data from the 2024, 2025, and 2026 National Surveys of Nonprofit Trends and Impacts, this report examines workforce and service provision actions nonprofits took in 2025 and leaders' expectations about future staffing. Disrupted nonprofits were more likely than nonprofits overall to freeze or reduce salaries, decrease staff, suspend or reduce services, and serve fewer people. Most disrupted nonprofits taking these actions reported doing so in response to the disruptions. At the same time, hiring expectations weakened across the sector, suggesting a broader environment of caution that extended beyond organizations reporting direct disruptions. Many nonprofits nevertheless maintained or increased programs, but resilience was uneven: disrupted nonprofits were less likely to meet demand, and those that met demand were less likely to cut programs, staff, and expenses. The findings show that stable public funding supports nonprofit labor capacity and organizations' ability to meet community needs, while underscoring the importance of distinguishing direct organizational responses from broader sector-wide sentiment.

Highlights

- **Government funding disruptions became workforce disruptions.** Disrupted nonprofits were more likely than nonprofits overall to freeze or reduce salaries and decrease the total number of employees.
- **Hiring expectations weakened across the sector.** The share of staffed nonprofits planning to hire in the 12-month period following the survey fell from 57 percent in late 2024 to 41 percent in spring 2025 and 38 percent by spring 2026. Unlike realized staff reductions, this decline was not confined to nonprofits reporting government funding disruptions.
- **Actions taken and future plans showed different patterns.** Nonprofits that experienced government funding disruptions were more likely to cut staff and programs than nonprofits overall in 2025. At the same time, nonprofits across the sector were less likely to plan new hiring in the 12-month period following the survey, suggesting widespread caution even among organizations that did not experience direct government funding disruptions.

- **Organizations cut staff more often than benefits.** Disrupted nonprofits decreased their total number of employees at a higher rate than they froze or reduced employee benefits, suggesting that headcount reductions were a more common cost-control strategy than benefit reductions.
- **Program and workforce changes were intertwined.** Nonprofits rarely reduced staff in isolation. Workforce reductions accompanied reductions in programs, services, and the number of people served.
- **Community impacts were direct.** Disrupted nonprofits were more likely than nonprofits overall to suspend or pause services, reduce programs or services, and reduce the number of people they served, with most saying they took these actions in response to government funding disruptions.
- **Many nonprofits remained resilient, but resilience has limits.** Even in 2025, many nonprofits maintained or increased programming. Yet the pattern of reductions was stronger among disrupted organizations, and continued disruptions could erode the sector's capacity to absorb shocks.
- **Demand remained high.** Nonprofit leaders continued to anticipate increasing community demand, creating pressure on organizations at the same time that many were adjusting to disrupted revenues and staffing constraints.
- **Meeting demand was associated with maintaining capacity.** Among disrupted nonprofits, not meeting demand was associated with suspending or pausing services, reducing programs or services, reducing the number of people served, decreasing employees, decreasing expenses, borrowing funds, drawing on reserves, or increasing advocacy work at higher rates than organizations that reported meeting demand.

Workforce and Community Consequences of Government Funding Disruptions

Nonprofit organizations operate at the intersection of public purpose, private initiative, and community need. Public agencies rely on nonprofits to deliver programs that address basic needs, support children and families, promote health and well-being, strengthen civic life, and respond to community crises. This interdependence is often built through government grants, contracts, and other public funding streams. When those funding streams are stable, nonprofits can plan, hire, retain staff, and sustain service capacity. When those funding streams are disrupted, the consequences may extend well beyond revenue losses.

This report examines the workforce and community consequences of government funding disruptions experienced by US nonprofits in 2025. In late January 2025, the Office of Management and Budget (OMB) issued Memorandum M-25-13, directing federal agencies to temporarily pause certain obligations and disbursements of federal financial assistance while reviewing programs for consistency with the administration's policy priorities (Vaeth 2025b). The memorandum emerged amid a broader series of executive actions directing agencies to review or pause federal expenditures in areas including foreign assistance, climate and infrastructure programs, and diversity, equity, and inclusion initiatives (Vaeth 2025b). Although OMB rescinded M-25-13 two days later, the underlying executive directives and agency-level funding reviews continued, generating substantial uncertainty for federal grant recipients, including nonprofit organizations (Vaeth 2025a). Companion analysis shows the scale and persistence of the underlying funding shock (Faulk et al. 2026). By the end of 2025, roughly 35 percent of nonprofits had experienced at least one government funding disruption, including 49 percent of nonprofits that received government funding. Disrupted organizations were also more likely to draw on reserves, borrow funds, increase fundraising, reduce expenses, and establish new earned revenue streams than those that did not experience disruptions. This report examines how those financial pressures were associated with workforce capacity and organizations' ability to serve communities.

Rather than treating disrupted public funding as only a fiscal event, the analysis asks how disruptions were associated with changes in the nonprofit workforce and ability to serve communities. The key finding is that government funding disruptions can reverberate through organizations: they can

reshape budgets, but they can also alter labor capacity, service continuity, program availability, and organizational responsiveness to community needs.

The 2025 context is especially important because nonprofit leaders were navigating a period of uncertainty about public funding while many communities continued to face elevated or increasing need (Tomasko et al. 2025). The survey results suggest that disrupted nonprofits were more likely than nonprofits overall to take actions that reduced labor and program capacity. Yet the survey results also show that many nonprofits continued serving communities, maintained programs, or even expanded their work. The findings therefore point to two realities that must be held together: the nonprofit sector is resilient, but resilience is not an inexhaustible resource.

The patterns also align with other evidence collected during 2025. A Center for Effective Philanthropy (CEP) study found that nonprofit leaders were simultaneously confronting increased demand, funding reductions, and pressures to reduce services and staffing (Buteau et al. 2026). CEP's study represents nonprofits with at least one full-time staff member that receive funding from private foundations that give at least \$5 million annually, so its findings provide complementary evidence from a segment of larger nonprofits with staff and that receive foundation funding compared with the Nonprofit Trends Survey Core Sample studied in this report (Center for Effective Philanthropy 2025).

This report makes three contributions. First, it shows that government funding disruptions were associated with nonprofit workforce reductions, including salary and benefit freezes and reductions and decreases in paid staff. Second, it connects these workforce actions to organizations' ability to serve communities, including service pauses, program reductions, and fewer people served. Third, it distinguishes realized organizational actions from forward-looking expectations: adverse actions, such as cutting programs and reducing the number of employees, were more common among disrupted nonprofits, while plans to hire weakened across the sector. This broader decline in hiring sentiment is consistent with a sector-wide environment of caution, but it should not be interpreted as evidence that government funding disruptions caused all workforce changes across the sector.

Research Questions

The report is organized around four research questions:

1. How were government funding disruptions associated with nonprofit workforce actions in 2025, including salary reductions, benefit reductions, and decreases in paid staff?

2. How were disruptions associated with community-facing actions, including pausing services, reducing programs or services, and reducing the number of people served?
3. How did staffing plans and expectations about future demand change over time?
4. Among disrupted nonprofits, what distinguished organizations that met demand from those that did not?

Conceptual Framework: From Government Funding Disruptions to Community Consequences

The relationship between government and nonprofits has long been characterized by interdependence. Governments depend on nonprofit organizations to reach communities, tailor programs, and deliver services. Nonprofits, in turn, often depend on public funding to sustain programs that private donations and earned revenue alone may not support. This interdependence can produce scale and public value, but it can also create vulnerability when public funding becomes uncertain.

A government funding disruption can affect a nonprofit through at least four linked channels. The first is financial: an organization may lose expected revenue, wait for delayed reimbursement, face a pause or freeze, or need to comply with new administrative requirements before funding is released. The second is managerial: leaders must interpret the disruption, scenario plan, communicate with funders, manage cash flow, and decide whether to maintain, reduce, or restructure programs. The third is workforce-related: funding instability may lead to salary freezes, hiring slowdowns, layoffs, or reduced hours. The fourth is community-facing: once labor and resources are constrained, organizations may pause programs, reduce service intensity, and serve fewer people.

These channels are not sequential in a simple way. Workforce and program changes may occur together. An organization may reduce staff because a program has been cut, reduce a program because it has lost staff, or do both simultaneously as part of a broader response to fiscal uncertainty. This should not be interpreted as a mere spillover effect. Rather, workforce and program changes are add-on or co-occurring effects of the same disruption. The empirical sections therefore treat workforce and community outcomes as connected components of nonprofit capacity.

Government funding disruptions are not only revenue shocks. They can also be administrative, workforce, and service-delivery shocks. A delayed or lost grant may force leaders to make decisions

about payroll, benefits, program schedules, waiting lists, service eligibility, and fundraising at the same time.

Data and Methods

This report uses data from the 2024, 2025, and 2026 National Surveys of Nonprofit Trends and Impacts, fielded from October 2024 to January 2025, April to June 2025, and January to April 2026, respectively. The surveys provide nationally representative data on 501(c)(3) public charities with annual expenses of at least \$50,000 that operate across a wide range of service areas. Respondents included chief executive officers, executive directors, or equivalent organizational leaders. Estimates are weighted to account for the sampling design and differential nonresponse.

The analysis compares nonprofits reporting at least one government funding disruption in 2025 with nonprofits overall and, for selected analyses, compares disrupted nonprofits that met demand with those that did not. Results describe associations rather than causal effects. Detailed information about the sampling frame, recruitment, response rates, and weighting appears in the survey methodology (Martin et al. 2026). The survey questions appear in the appendix of this report.

The analysis uses weighted descriptive statistics to estimate the prevalence of government funding disruptions and to compare staffing, programmatic, and financial outcomes among nonprofits that did and did not report disruptions. Where subgroup comparisons are reported, estimates are weighted to account for the survey design and nonresponse. The weighted prevalence estimates have a margin of error (95 percent confidence interval) of approximately +/-2 percentage points. Differences across groups are interpreted as descriptive associations rather than causal effects, and unless indicated, the differences shown between disrupted and undisrupted nonprofits are statistically significant in two-tailed tests of proportions ($p < 0.05$).

Several limitations should be noted. First, the survey excludes certain categories of public charities, including hospitals, schools, higher education institutions, houses of worship, foundations, and other specialized organizations, so findings should not be generalized to those parts of the nonprofit sector. Second, the survey relies on responses from organizational leaders and may reflect respondents' knowledge, interpretation, and recall of government funding disruptions. Finally, although survey weights reduce potential bias from differential response rates, nonresponse bias cannot be eliminated entirely.

Despite these limitations, the survey provides timely, nationally representative evidence on how established service-providing nonprofits experienced government funding disruptions in 2025 and how those disruptions were associated with changes in staffing, programs, and service delivery.

Measures

The workforce outcomes include whether organizations froze or reduced employee salaries, froze or reduced employee benefits, decreased the total number of employees, changed staffing plans, planned to hire, and planned layoffs. Analyses of these measures were limited to staffed nonprofits. The estimate of employee decreases refers to organizations reporting a decrease in employees, not the percentage of employees lost within the sector.

The community-facing outcomes include whether organizations suspended or paused services; whether organizations reduced the number of programs or services; whether organizations reduced the number of people served; changes in total number of programs, people served, and program locations; anticipated future demand; and whether organizations met demand for programs and services. The report treats these as indicators of service capacity and community reach, while recognizing that the survey does not capture every possible dimension of program quality, service intensity, or unmet need.

Findings

1. Government Funding Disruptions Were Associated with Workforce Reductions

The workforce consequences of government funding disruptions were visible in the actions that nonprofits reported taking in 2025. Disrupted staffed nonprofits were more likely than staffed nonprofits overall to freeze or reduce employee salaries, decrease their total number of paid employees, and freeze or reduce employee benefits. Nonetheless, disrupted staffed nonprofits decreased their total number of paid employees and froze or reduced employee salaries at a higher rate than they froze or reduced employee benefits. This pattern suggests that when organizations faced government funding disruptions, many adjusted labor costs through salary and headcount decisions rather than by changing benefits.

Figure 1 shows that 30 percent of disrupted staffed nonprofits reported decreasing their total number of employees in 2025, compared with 20 percent of all staffed nonprofits. Benefit reductions

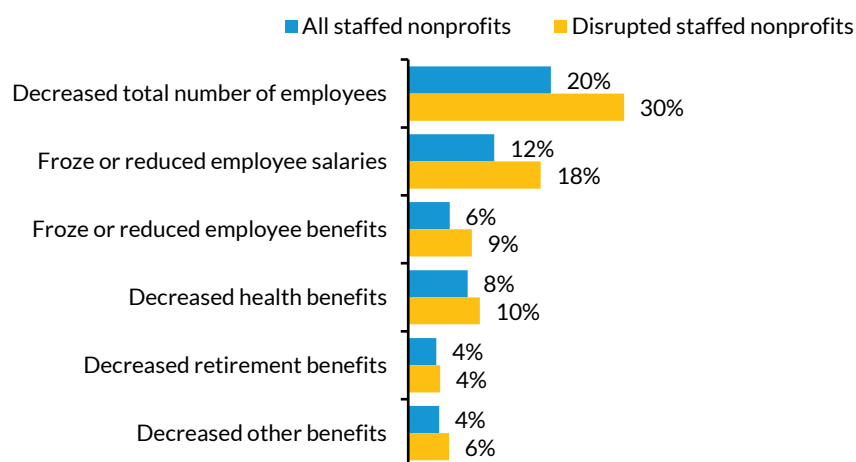
were less common: roughly 10 percent of disrupted staffed nonprofits decreased health benefits, 4 percent decreased retirement benefits, and 6 percent decreased other benefits.

The distinction between salaries, benefits, and headcount is substantively important. Reducing benefits may generate savings, but it can also damage retention, morale, and employee well-being. Reducing headcount, by contrast, may produce larger immediate savings but can sharply reduce service capacity. The results show that nonprofits tended to decrease headcount rather than benefits. This is consistent with the interpretation that organizations facing sudden or severe fiscal uncertainty may turn first to the most direct ways of reducing operating costs, even when those choices have serious implications for organizational capacity.

FIGURE 1

Workforce Reductions Among Staffed Nonprofits in 2025

Staff reductions were more common among disrupted staffed nonprofits in 2025



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Source: 2026 [National Survey of Nonprofit Trends and Impacts](#). The question about changes in health, retirement, and other benefits was part of the Workforce Module commissioned by Independent Sector.

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. “Staffed nonprofits” refers to nonprofits that reported having at least one full-time (35 or more hours/week) and/or part-time (less than 35 hours/week) paid staff in 2025. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. The difference between disrupted and undisrupted nonprofits’ decrease in health benefits is statistically significant at the $p < 0.1$ level, and the difference for decreased retirement benefits is statistically insignificant ($p = 0.471$). All other differences shown are statistically significant at the $p < 0.05$ level.

1-1. Staff Reductions Were More Common Among Disrupted Staffed and Large Nonprofits, but the Experience of Small nonprofits Should Not Be Minimized

Among staffed nonprofits, those that experienced government funding disruptions were more likely than staffed nonprofits overall to report decreasing employees in 2025. Larger staffed nonprofits were more likely than smaller staffed nonprofits to report employee decreases, likely reflecting their greater exposure to government funding and their larger paid workforces. However, the experience of small nonprofits should not be minimized. For a small organization, the loss of one or two employees can represent a major reduction in capacity, institutional memory, and service continuity.

Figure 2 shows the share of staffed organizations in each size category that reported decreasing their total number of employees. The figure does not represent the percentage of employees lost. For example, 26 percent of disrupted staffed nonprofits with annual expenses between \$50,000 and \$99,999 reported reducing their number of employees; this does not mean that these organizations lost 26 percent of their employees. This organization-level measure captures how widespread staffing reductions were, while the extent and practical implications of those reductions depend on each organization's size, staffing structure, and program model.

As figure 1 showed, 20 percent of all staffed nonprofits and 30 percent of disrupted staffed nonprofits reduced their number of employees in 2025. Within the disrupted group, the share of staffed nonprofits reporting employee reductions ranged from 24 percent among organizations with \$100,000 to \$499,999 in annual expenses to 36 percent among organizations with \$10 million or more (figure 2).

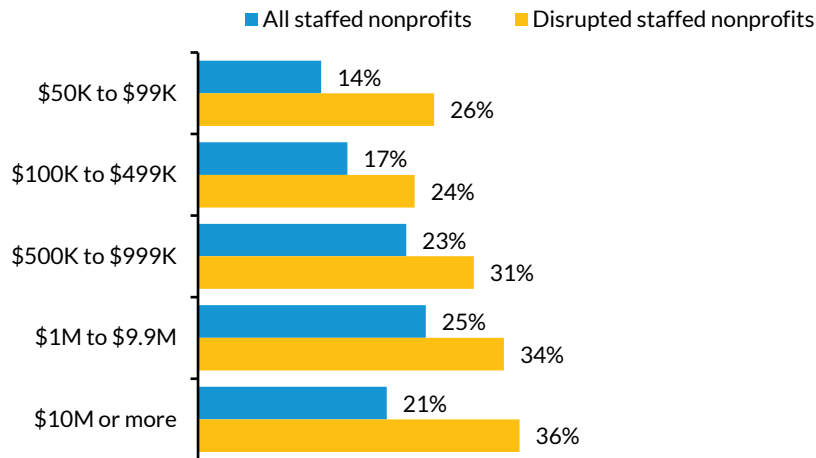
“I will likely need to lay off employees and/or reduce salaries in the next year, and we do not have any redundancy in the organization for this work—we only have 10 employees.... I have run out of things to cut.”

—2026 National Survey of Nonprofit Trends and Impacts respondent

FIGURE 2

Staffed Nonprofits That Decreased Employees, by Annual Expenses

Staff reductions were more common among disrupted nonprofits across sizes



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Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Sizes are based on nonprofits' total annual expenses as reported on the most recently available National Center for Charitable Statistics Core Files when the sample was drawn. "Staffed nonprofits" refers to nonprofits that reported having at least one full-time (35 or more hours/week) and/or part-time (less than 35 hours/week) paid staff in 2025. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025.

1-2. Benefits Cuts Were Less Central Than Headcount Reductions

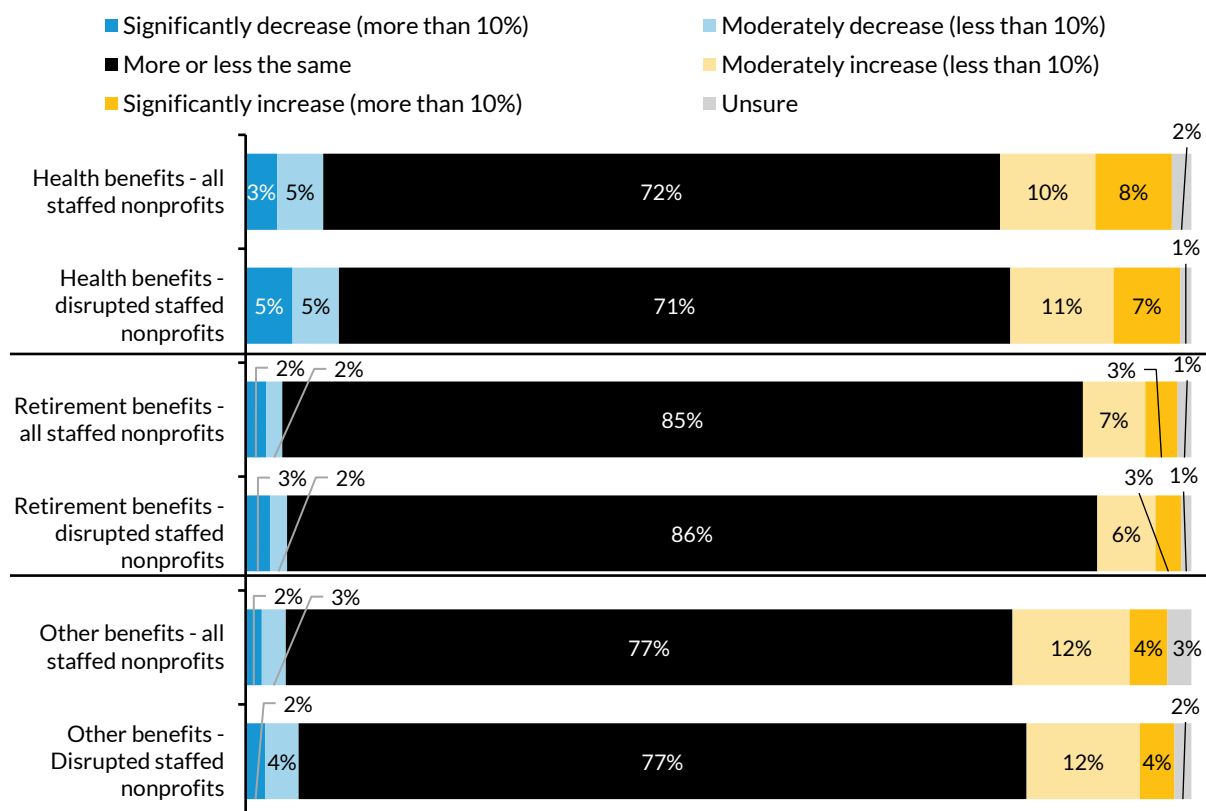
Nonprofits were more likely to reduce employees than to cut employee benefits. In other words, government funding disruptions appear to have translated more directly into reduced staffing than into benefit changes. This distinction matters because it points to the kinds of tradeoffs leaders were making under pressure. Benefits reductions may help organizations save money while preserving positions, but they can also undermine the quality of jobs in a nonprofit sector long characterized by relatively low wages and persistent challenges in recruiting and retaining employees (Young et al. 2025). Headcount reductions may protect remaining employees' benefits but reduce organizational capacity and can increase workloads for staff who remain.

Disrupted staffed nonprofits that provided health benefits were slightly more likely than all staffed nonprofits that provide health benefits to decrease them (figures 1 and 3). By contrast, roughly similar shares of disrupted and all staffed nonprofits reported decreases in retirement and other benefits.

Figure 3 shows that these two groups also reported similar levels of keeping their benefits more or less the same and increasing their benefits, further suggesting that benefit changes did not appear to be greatly influenced by government funding disruptions.

FIGURE 3
Changes in Employee Benefits Among Staffed Nonprofits That Provided Benefits in 2025

Most staffed nonprofits kept benefits roughly the same in 2025



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Source: Workforce Module commissioned by Independent Sector in the 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. "Staffed nonprofits" refers to nonprofits that reported having at least one full-time (35 or more hours/week) and/or part-time (less than 35 hours/week) paid staff in 2025. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. Nonprofits that answered that they do not provide each type of benefit are excluded. The differences in changes in benefits between disrupted and undisrupted nonprofits are not statistically significant for retirement benefits ($p = 0.691$) or other benefits ($p = 0.206$) but are statistically significant for health benefits ($p < 0.05$).

1-3. Hiring Sentiment Weakened and Had Not Rebounded as of Early 2026

Staffing plans provide a forward-looking pulse check on how nonprofit leaders were feeling about organizational growth. The results indicate that nonprofits scaled back hiring plans from late 2024 to early 2025 and they had not rebounded as of early 2026. This pattern applied broadly, not only among disrupted staffed nonprofits (figure 4). The scaled-back hiring plans suggest a sector-wide sense of caution or constrained growth, even beyond the subset of organizations that directly experienced government funding disruptions. Layoff plans declined between early 2025 and early 2026, but this should not be interpreted too optimistically. It is possible that some organizations already completed layoffs in 2025, meaning the decrease in planned layoffs could reflect actions already taken rather than improved conditions.

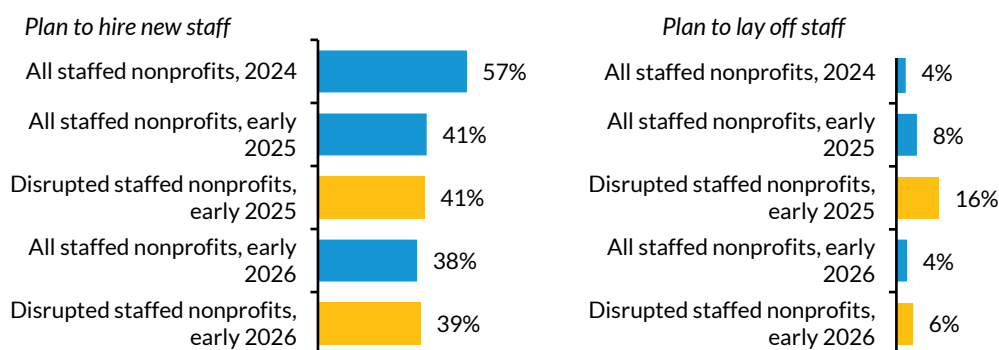
“These last-minute changes to grants and the federal departments that make grants are capricious and reduce our ability...to depend upon the federal government as we have in the past. The next few years feel very uncertain, and I am reluctant to start new initiatives or hire new employees.”

—2026 National Survey of Nonprofit Trends and Impacts respondent

FIGURE 4

Hiring and Layoff Plans over Time

Hiring sentiment weakened while layoff expectations shifted over time



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Source: 2024, 2025, and 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. “Staffed nonprofits” refers to nonprofits that reported having at least one full-time (35 or more hours/week) and/or part-time (less than 35 hours/week) paid staff in 2025. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. The difference between disrupted and non-disrupted nonprofits’ plans to hire new staff in early 2026 is not statistically significant ($p = 0.355$), but the differences in plans to lay off staff are ($p < 0.05$).

1-4. Workforce Reductions Were Associated with Reductions in Programs and Services

Reducing the size of the paid workforce was not an isolated administrative action. The results suggest that workforce reductions were connected to program and service reductions (figure 5). Organizations may have reduced programs because they had to cut employees, reduced employees because programs were cut, or made both decisions at the same time as part of an organization-wide response to funding uncertainty. In each scenario, the consequences of government funding disruption moved from revenue to staffing and community services.

This relationship should be framed as a co-occurring or add-on effect rather than a spillover effect. The workforce is the mechanism through which many nonprofits deliver programs. When paid staff positions are reduced, programs may become harder to maintain. When programs are paused or cut, staff roles may become unfunded. Either way, workforce impacts and community impacts are deeply linked.

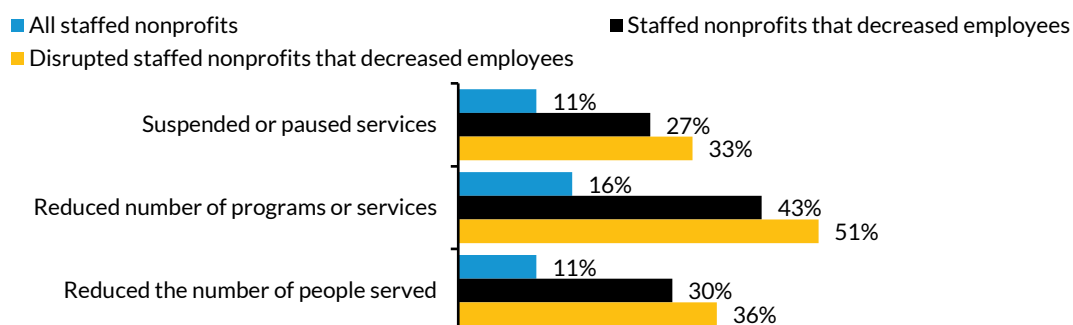
“We have reduced staff in a core service to [the] community.... As the CEO, I’ve reduced my salary to ensure that we can hold on as long as possible.”

—2026 National Survey of Nonprofit Trends and Impacts respondent

FIGURE 5

Program and Service Actions Among Staffed Nonprofits That Decreased Employees

Service changes co-occurred with staff reductions



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Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. “Staffed nonprofits” refers to nonprofits that reported having at least one full-time (35 or more hours/week) and/or part-time (less than 35 hours/week) paid staff in 2025. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025.

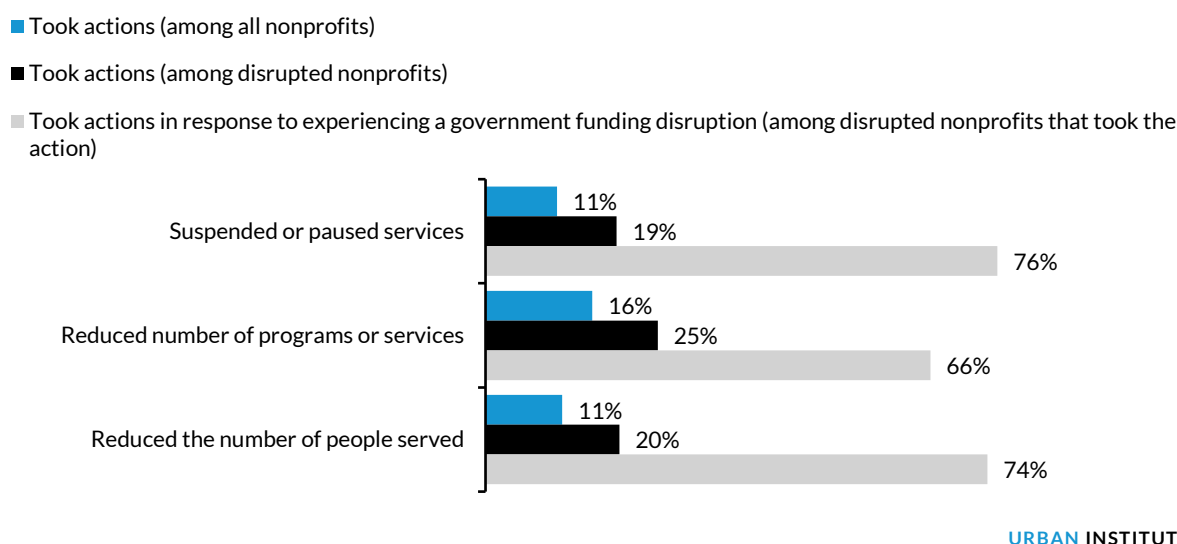
2. Government Funding Disruptions Were Associated with Reductions in Services, Programs, and People Served

The community-facing consequences of government funding disruptions were substantial. Disrupted nonprofits were more likely than nonprofits overall to suspend or pause services, reduce the number of programs or services, and reduce the number of people served. Most disrupted nonprofits that took these actions reported doing so in response to disruptions (figure 6). This provides direct evidence that funding instability was connected to reduced service capacity.

FIGURE 6

Percentage of Nonprofits That Took Programmatic Actions at Any Time in 2025

Disrupted nonprofits were more likely to take programmatic actions, and most said they did so in response to disruptions



Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

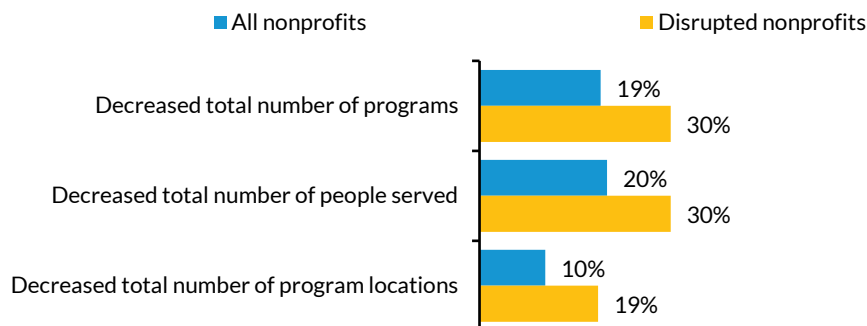
Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025.

Figure 7 shows decreases in total programs, people served, and program locations. These actions represent different dimensions of community impact. Suspending or pausing services affects continuity and may leave people without support for a period. Reducing the number of programs or services narrows the range of assistance available. Reducing the number of people served can create waitlists, eligibility restrictions, geographic limitations, or unmet needs. Together, these measures show that the effects of government funding disruptions reached beyond organizational balance sheets.

FIGURE 7

Program-Capacity Reductions Among All Nonprofits and Disrupted Nonprofits

Disrupted nonprofits were more likely to report reduced program capacity in 2025



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Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. Nonprofits that reported not providing programs are excluded. The differences between disrupted and non-disrupted nonprofits are statistically significant at the $p < 0.001$ level.

2-1. Program Changes in 2025 Show Both Strain and Resilience

Program change patterns reveal a complicated picture. Nonprofits in 2025 were more likely to report decreases in programs and less likely to report increases than in 2024 (figure 8). The pattern was stronger among disrupted nonprofits: disrupted organizations were even more likely to decrease programs and even less likely to increase them. These findings indicate a clear strain on service capacity.

At the same time, about 80 percent of nonprofits either maintained or increased programs (figure 8). This is important. The nonprofit sector often responds to heightened need by stretching resources, adapting programs, leveraging volunteers, increasing fundraising appeals, and relying on staff commitment. The results suggest that despite serious difficulties, nonprofits continued serving people. The sector's resilience is real.

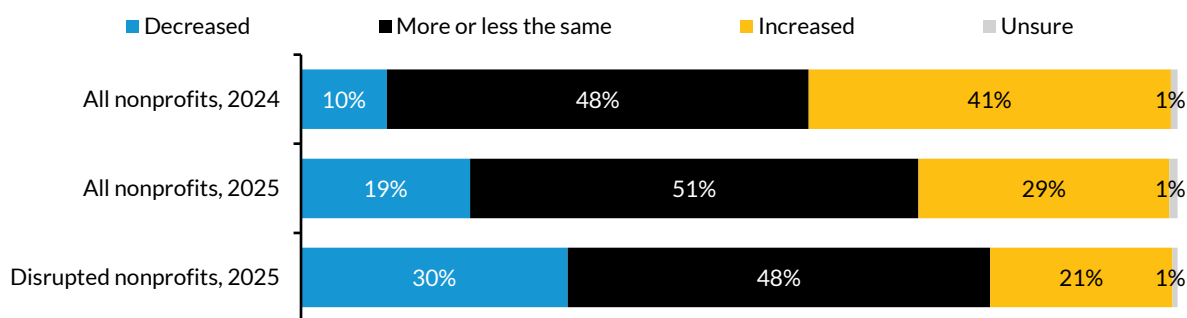
However, the findings should not be interpreted to say the nonprofit sector is capable of handling crisis without consequences. Although they were resilient, sustaining this resilience can require substantial effort and may contribute to employee burnout. Nonprofits can absorb shocks for a time, but they cannot remain resilient indefinitely if funding uncertainty persists, reserves are depleted, staff are lost, and demand continues to grow. Future research should examine whether the ability to

maintain or increase programs depended on access to foundation support, donor bases, reserves, endowments, local public funding, or other stabilizing resources, and whether and how those back up mechanisms are likely to continue.

FIGURE 8

Changes in Total Number of Programs: 2024, 2025, and Disrupted Nonprofits in 2025

Program changes in 2025 showed both strain and resilience



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Source: 2025 and 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. Nonprofits that reported not providing programs are excluded. The differences between disrupted and non-disrupted nonprofits are statistically significant at the $p < 0.001$ level.

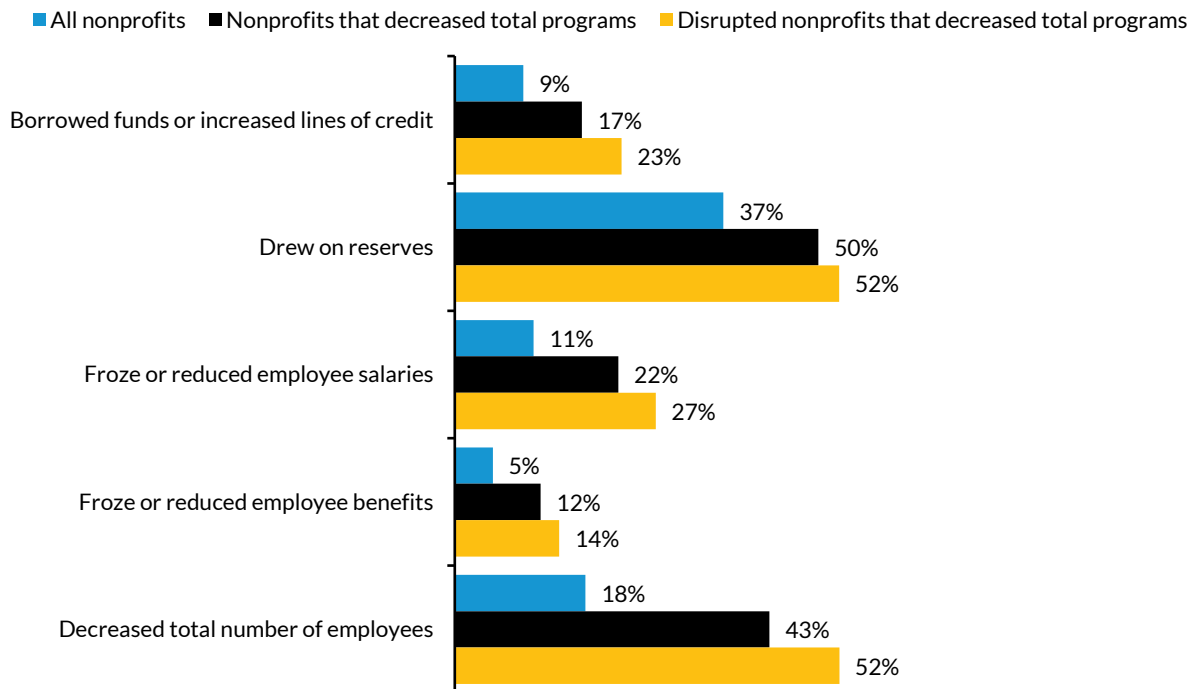
2-2. Decreasing Program Offerings Was Associated with Broader Financial and Workforce Strain

Nonprofits that decreased their total number of programs also took other actions that signal financial and workforce strain. Borrowing funds or increasing lines of credit, drawing on reserves, freezing or reducing employee salaries, freezing or reducing employee benefits, and decreasing total number of employees are the measured actions connected with program decreases. These analyses examine how financial and workforce actions were associated with program reductions; they do not separately test the relationship between financial strain and employee reductions.

Organizations were not simply making one adjustment. Many had to take multiple actions just to manage through the disruption. A program decrease may therefore be both an outcome and a marker of broader organizational stress.

Figure 9 shows that nonprofits that decreased their total number of programs were more likely than nonprofits overall to report borrowing, drawing on reserves, freezing or reducing compensation, and decreasing employees; these trends were most pronounced among disrupted nonprofits that decreased programs.

FIGURE 9
Financial and Workforce Actions Among Nonprofits That Decreased Total Programs
Program decreases were linked to financial and workforce strain



URBAN INSTITUTE

Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. The difference in the percent that drew on reserves between disrupted and nondisrupted nonprofits is statistically significant at the $p < 0.1$ level. All other differences are statistically significant at the $p < 0.05$ level or greater.

2-3. Increasing Program Offerings Was Associated with Adaptation and Outward Engagement

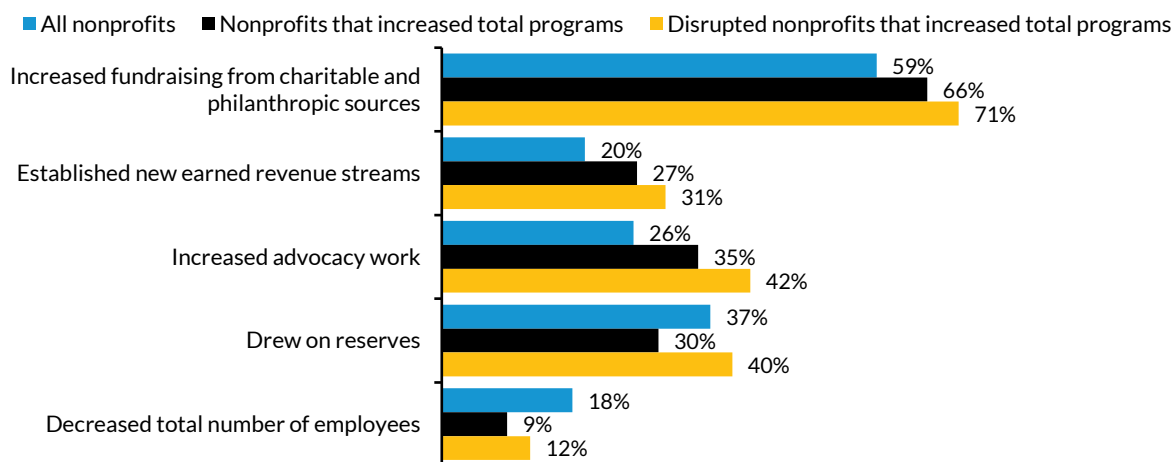
Nonprofits that increased their total number of programs had a different profile. Compared with nonprofits overall, they were less likely to draw on reserves and less likely to decrease employees. They were more likely to establish new earned revenue streams and increase advocacy work (figure 10). This pattern suggests that organizations expanding programs may also have been adapting their revenue models and increasing their public voice.

The direction of these relationships is unclear. Organizations may have expanded their programs by increasing advocacy, fundraising, and earned revenue, or stronger adaptive capacity may have enabled them to pursue all three simultaneously. Future research should examine the causal pathways among these activities.

FIGURE 10

Adaptation and Outward Engagement Among Nonprofits That Increased Total Programs

Program growth was associated with fundraising, earned revenue, and advocacy



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Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. The differences in the percentages between disrupted and nondisrupted nonprofits that increased total programs are not statistically significant for increasing fundraising ($p = 0.189$) and establishing new earned revenue streams ($p = 0.228$). The difference in the percent that decreased total number of employees between disrupted and non-disrupted nonprofits that increased total programs is statistically significant at the $p < 0.1$ level. All other differences are statistically significant at the $p < 0.05$ level or greater.

2-4. Program Demand Was Expected to Keep Growing

Across the sector, nonprofit leaders continued to anticipate increased demand, and disrupted nonprofits were even more likely to expect demand for their programs to increase in the following year in both the 2025 and 2026 surveys. The results show a steady sentiment of increasing demand, suggesting a persistent period in which organizations expect year-over-year growth in community needs (figure 11). This finding matters because government funding disruptions and staffing constraints occurred while organizations were being asked, formally or informally, to serve more people, address more complex needs, or expand services.

“We have seen significant growth in our programs. We are concerned about being able to maintain the amount of services provided without increasing our overhead cost. We are going to have to hire to maintain [our services] and will have to determine how to pay an attractive wage to get the best candidates.”

—2026 National Survey of Nonprofit Trends and Impacts respondent

FIGURE 11

Nonprofits That Anticipate Increased Demand

Most nonprofits expected demand to increase



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Source: 2025 and 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. The differences between disrupted and non-disrupted nonprofits are statistically significant at the $p < 0.001$ level.

2-5. Disrupted Nonprofits Were Less Likely to Meet Demand

The ability to meet demand provides a direct measure of whether nonprofit capacity was sufficient relative to community need. As shown in figure 11, 52 percent of nonprofits overall met demand in 2025, compared with 45 percent of disrupted nonprofits (figure 12). This difference suggests that

government funding disruptions may have contributed to organizations' inability to keep up with community needs. Earlier findings showed that disrupted nonprofits were more likely than nonprofits overall to make workforce and program reductions in 2025, which could make it even harder for them to meet demand.

FIGURE 12

Nonprofits That Were Able to Meet Demand in 2025

Disrupted nonprofits were less likely to meet demand in 2025



URBAN INSTITUTE

Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. The difference between disrupted and non-disrupted nonprofits is statistically significant at the $p < 0.001$ level.

3. Among Disrupted Nonprofits, Meeting Demand Was Associated with Preserving Programs, Staff, and Spending

Among disrupted nonprofits that met demand in 2025, relatively small shares reported taking direct program-reduction actions. Twelve percent suspended or paused services, 16 percent reduced the number of programs or services, and 7 percent reduced the number of people served (figure 13). These estimates suggest that many disrupted nonprofits that were still able to meet demand avoided the most direct reductions in service delivery.

Disrupted nonprofits that did not meet demand were substantially more likely to suspend or pause services (24 versus 12 percent), reduce programs or services (33 versus 16 percent), reduce the number of people served (30 versus 7 percent), and decrease employees (37 versus 20 percent). They were also more likely to draw on reserves (51 versus 40 percent), suggesting that organizations unable to meet demand were experiencing broader operational and financial strain.

Workforce and expense patterns provide additional context. Among disrupted nonprofits that met demand, 20 percent decreased their total number of employees, while 42 percent decreased overall expenses (figure 13). These findings suggest that even organizations that maintained service capacity

often faced financial and operational pressures, though many appear to have done so without substantially reducing programs or the number of people served. They may have done more with less, which could risk employee burnout.

Financial response patterns raise further questions about how disrupted nonprofits maintained service capacity. Among disrupted nonprofits that met demand, 14 percent borrowed funds or increased lines of credit, and 40 percent drew from reserves. At the same time, 12 percent increased fundraising from local, state, or federal government sources, 70 percent increased fundraising from charitable and philanthropic sources, 12 percent increased fees for services beyond scheduled increases, and 21 percent established new earned revenue streams (figure 13). These patterns point to a mix of financial strategies, including fundraising, reserve use, borrowing, and earned revenue development, but they do not fully explain how organizations preserved the resources needed to maintain staff and programs.

Finally, 28 percent of disrupted nonprofits that met demand increased advocacy work (figure 13). Because the survey does not identify the target or content of this advocacy, this finding should be interpreted cautiously. It nevertheless shows that advocacy was one of the strategies used by some disrupted nonprofits alongside financial and operational responses.

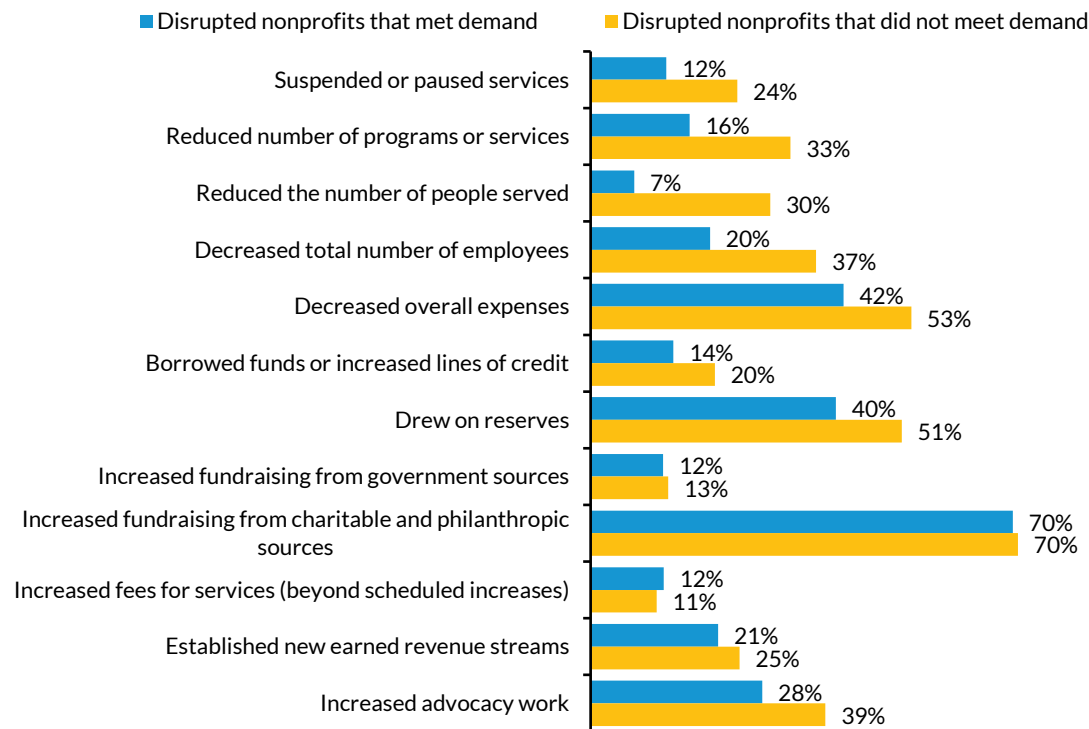
“At the same time, the demand for support has doubled over the past year, and we are unable to keep up. Our services are provided at no cost...and charging fees is not an option, as it would directly conflict with our mission of ensuring access for all.”

—2026 National Survey of Nonprofit Trends and Impacts respondent

FIGURE 13

Actions Among Disrupted Nonprofits That Met Demand Versus Did Not Meet Demand

Among disrupted nonprofits, meeting demand was linked to preserving capacity



URBAN INSTITUTE

Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. The differences in the percentages between disrupted nonprofits that met demand and did not meet demand are not statistically significant for increased fundraising from government sources ($p = 0.741$), increased fundraising from charitable and philanthropic sources ($p = 0.813$), increased fees for services (beyond scheduled increases) ($p = 0.607$), and established new earned revenue streams ($p = 0.255$). All other differences are statistically significant at the $p < 0.05$ level or greater.

4. Workforce and Service Consequences Varied Across Subsectors

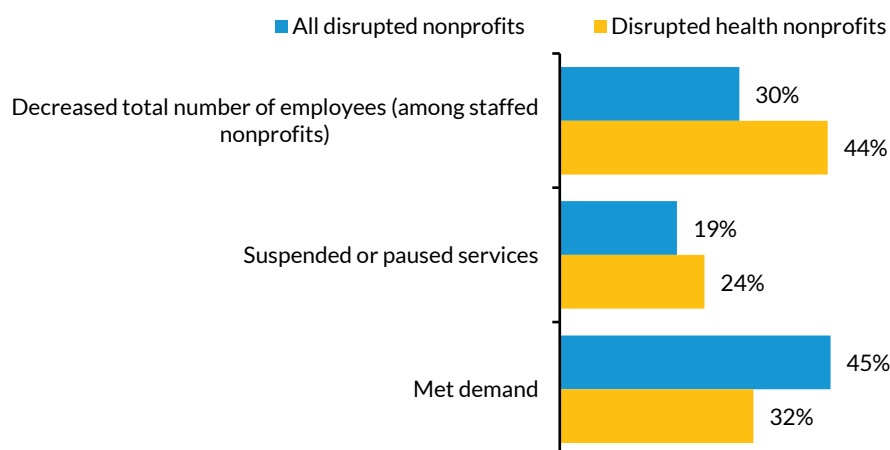
Subsector comparisons show that government funding disruptions did not affect all fields in the same way. Health nonprofits (for instance, community clinics, substance abuse prevention organizations, and crisis intervention hotlines—not hospitals, which are excluded from the study) experienced some of the sharpest workforce and program pressures. Among disrupted staffed health nonprofits, 44 percent reduced their total number of employees, compared with 30 percent of disrupted staffed nonprofits

overall. Disrupted health nonprofits were also more likely than disrupted nonprofits overall to suspend or pause services (24 versus 19 percent). Only 32 percent of disrupted health nonprofits met demand, compared with 45 percent of disrupted nonprofits overall (figure 14).

FIGURE 14

Workforce and Community Impacts for All Disrupted Nonprofits and Disrupted Health Nonprofits

Among disrupted nonprofits, workforce and community impacts were worse for health organizations



URBAN INSTITUTE

Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

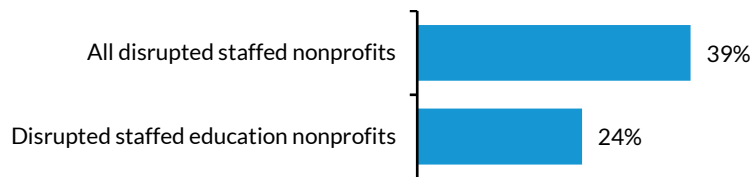
Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. The “decreased total number of employees” bars only included staffed nonprofits. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. “Staffed nonprofits” refers to nonprofits that reported having at least one full-time (35 or more hours/week) and/or part-time (less than 35 hours/week) paid staff in 2025. Subsectors are defined using organizations’ National Taxonomy of Exempt Entities (NTEE) codes, as listed on the IRS Exempt Organizations Business Master File. The health subsector does not include hospitals, because they are excluded from the survey sample. The difference in the percent between staffed health disrupted nonprofits and other staffed disrupted nonprofits that suspended or paused programs is not statistically significant ($p = 0.466$). The difference in the percent that met demand between staffed disrupted health nonprofits and other staffed disrupted nonprofits is statistically significant at the $p < 0.1$ level. The difference for the percent that decreased total number of employees is statistically significant at the $p < 0.05$ level.

Education nonprofits (e.g., libraries, educational services, and remedial reading—not schools and higher education institutions, which are excluded from the study) showed a different form of strain: their forward-looking hiring expectations continued to weaken. By early 2026, only 24 percent of disrupted staffed education nonprofits planned to hire during the following 12 months, compared with 39 percent of disrupted staffed nonprofits overall (figure 15).

FIGURE 15

Nonprofits That Planned to Hire New Staff as of Early 2026

Among disrupted nonprofits, education organizations were less likely to plan to hire new staff



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Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

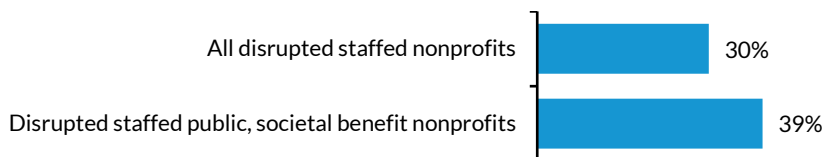
Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025–December 31, 2025. “Staffed nonprofits” refers to nonprofits that reported having at least one full-time (35 or more hours/week) and/or part-time (less than 35 hours/week) paid staff in 2025. Subsectors are defined using organizations’ National Taxonomy of Exempt Entities (NTEE) codes, as listed on the IRS Exempt Organizations Business Master File. The education subsector does not include higher education institutions and schools, because they are excluded from the survey sample. The difference shown is statistically significant at the $p < 0.05$ level.

Public and societal benefit nonprofits (e.g., civil rights, social action, civic engagement, community improvement, philanthropy infrastructure, basic research, and public affairs) also reported elevated employee reductions: 39 percent of disrupted staffed nonprofits in this subsector reduced employees, compared with 30 percent of disrupted staffed nonprofits overall (figure 16).

FIGURE 16

Nonprofits That Decreased Total Number of Employees in 2025

Among disrupted nonprofits, public, societal benefit organizations were more likely to decrease their total number of employees in 2025



URBAN INSTITUTE

Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. “Staffed nonprofits” refers to nonprofits that reported having at least one full-time (35 or more hours/week) and/or part-time (less than 35 hours/week) paid staff in 2025. Subsectors are defined using organizations’ National Taxonomy of Exempt Entities (NTEE) codes, as listed on the IRS Exempt Organizations Business Master File. The difference shown is statistically significant at the $p < 0.1$ level.

Together, these patterns suggest that funding instability translated into workforce contraction and service constraints through distinct subsector-specific pathways.

“All things considered, our greatest concern over the next year is ensuring we have the capacity and resources to meet the growing need within our community. Demand for accessible, low-cost health care continues to rise...and we anticipate that more uninsured and underinsured individuals will seek our services as economic pressures persist.”

—2026 National Survey of Nonprofit Trends and Impacts respondent

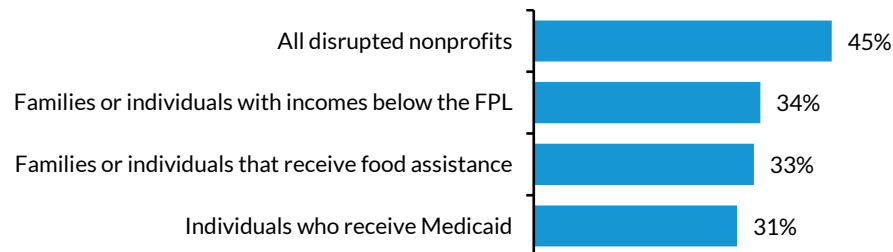
4-1. Organizations with Programs Primarily Serving People Facing Economic Hardship and Black People Reported Greater Strain

Patterns across populations served also reveal uneven consequences of government funding disruptions. Organizations with programs primarily serving people facing economic hardship—including people with incomes below the federal poverty level, people who receive food assistance from governmental or nongovernmental programs, and people who receive Medicaid—reported greater strain.¹ Among disrupted nonprofits, only 34 percent of those with programs primarily serving people with incomes below the federal poverty level, 33 percent of those with programs primarily serving people who receive food assistance, and 31 percent of those with programs primarily serving Medicaid recipients met demand in 2025, compared with 45 percent of disrupted nonprofits overall (figure 17).

FIGURE 17

Among Disrupted Nonprofits, Those with Programs Primarily Serving People Facing Economic Hardship Were Less Likely to Meet Demand in 2025

Share of disrupted nonprofits with one or more programs where 50 percent or more of people served belong to each group below that met demand in 2025



URBAN INSTITUTE

Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

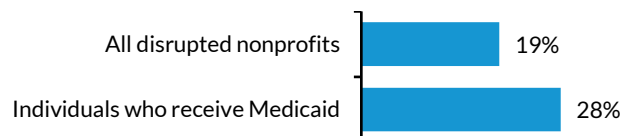
Notes: FPL = federal poverty level. All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. “Organizations with programs primarily serving [a group]” are defined as organizations that reported having one or more programs where 50 percent or more of people served belong to the group. The differences shown are statistically significant at the $p < 0.001$ level.

Disrupted nonprofits with programs primarily serving Medicaid recipients were also more likely than disrupted nonprofits overall to suspend or pause services (28 versus 19 percent; figure 18).

FIGURE 18

Among Disrupted Nonprofits, Those with Programs Primarily Serving Individuals Who Receive Medicaid Were More Likely to Suspend or Pause Services in 2025

Share of disrupted nonprofits with one or more programs where 50 percent or more of people served belong to each group below that reported suspending or pausing services in 2025



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Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

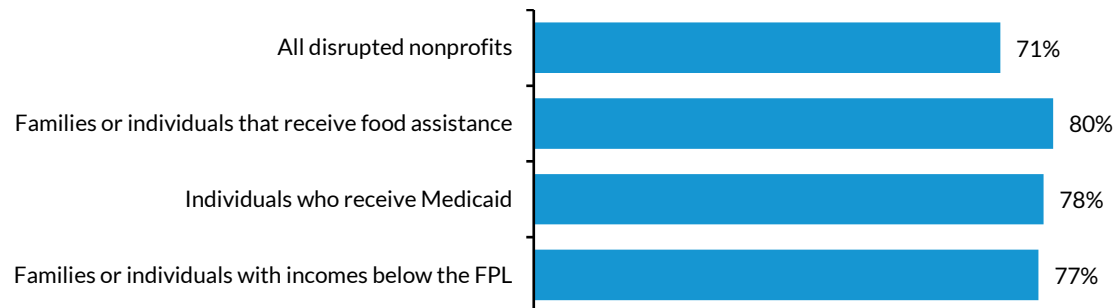
Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025. “Organizations with programs primarily serving [a group]” are defined as organizations that reported having one or more programs where 50 percent or more of people served belong to the group. The difference shown is statistically significant at the $p < 0.001$ level.

Additionally, 80, 78, and 77 percent of disrupted nonprofits with programs primarily serving people who receive food assistance, who receive Medicaid, and with incomes below the federal poverty level anticipate increased demand, compared with 71 percent of disrupted nonprofits overall (figure 19). Although the populations-served categories overlap, these patterns consistently point to concentrated strain among organizations serving communities with fewer economic buffers and substantial service needs.

FIGURE 19

Among Disrupted Nonprofits, Those with Programs Primarily Serving Families or Individuals That Receive Food Assistance Were More Likely to Anticipate Demand to Increase in the 12 Months Following the Survey

Share of disrupted nonprofits with one or more programs where 50 percent or more of people served belong to each group below that anticipate demand to increase in the 12 months following the survey



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Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

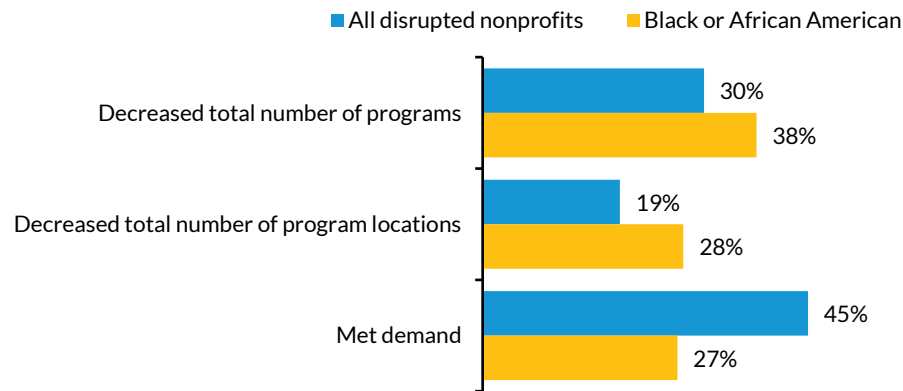
Notes: FPL = federal poverty level. All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025–December 31, 2025. “Organizations with programs primarily serving [a group]” are defined as organizations that reported having one or more programs where 50 percent or more of people served belong to the group. The difference shown is statistically significant at the $p < 0.01$ level.

Nonprofits with programs primarily serving Black or African American people also reported greater service-capacity strain. Thirty-eight percent of these nonprofits that experienced disruptions reduced their total number of programs and 28 percent reduced program locations, compared with 30 and 19 percent of disrupted nonprofits overall, respectively. Only 27 percent met demand, compared with 45 percent of disrupted nonprofits overall (figure 20).

FIGURE 20

Among Disrupted Nonprofits, Community Impacts Were Worse for Those Primarily Serving Black or African American People

Share of disrupted nonprofits with one or more programs where 50 percent or more of people served belong to each group below that reported each item below



URBAN INSTITUTE

Source: 2026 [National Survey of Nonprofit Trends and Impacts](#).

Notes: All analyses use weighted responses that account for the sample design and nonresponse, ensuring that the estimates are nationally representative. Government funding disruptions include the loss of at least one government grant, contract, loan, or other government financial assistance (i.e., funding agreements canceled or committed funds pulled back); at least one delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance; or receiving a notification from a government agency to stop work until further notice at any time between January 1, 2025 and December 31, 2025.

“Organizations with programs primarily serving [a group]” are defined as organizations that reported having one or more programs where 50 percent or more of people served belong to the group. The differences shown are statistically significant at the $p < 0.05$ level or greater.

“The drastically increasing need, and the dramatically decreasing funding and resources. The cost of food that we must purchase to provide for the hungry clients we have, the number of which are increasing every month and exceeding our ability to keep up financially.”

—2026 *National Survey of Nonprofit Trends and Impacts* respondent

Discussion

The findings show that government funding disruptions were associated with a cluster of organizational responses that affected both internal capacity and external service provision. Disrupted nonprofits were more likely to reduce staffing and salaries, more likely to pause or reduce services, more likely to reduce the number of people served, and less likely to meet demand. All these outcomes are connected. For many nonprofits, paid staff are the means through which programs are delivered. When funding uncertainty reduces the ability to employ and retain staff, program capacity is likely to suffer.

Although the results document substantial strain, they also show that many nonprofits maintained or increased programs despite disruptions and rising demand. This resilience reflects the sector's adaptive capacity and commitment to communities. But resilience often depends on reserves, flexible funding, staff sacrifice, donor support, administrative capacity, and the ability to shift strategies quickly. If shocks continue or flexible resources are depleted, resilience can become harder to sustain.

The comparison between disrupted nonprofits that met demand and those that did not meet demand provides important clues about the conditions that support resilience. Organizations that met demand were less likely to have cut programs, staff, and expenses. They were also less likely to have borrowed or drawn on reserves. Yet they did not appear more likely to have increased fundraising, fees, or earned revenue. Differences between disrupted nonprofits that met demand and those that did not suggest that preexisting organizational capacity may have shaped resilience. That is, the ability to meet demand may depend on preexisting capacity, financial reserves before the disruption, flexible funding, local support ecosystems, organizational size, program type, or the timing and severity of the disruption. These possibilities should be explored in future studies especially via multivariate and qualitative work.

The advocacy finding also deserves attention. The fact that advocacy was more common among nonprofits that did not meet demand suggests that advocacy may serve as an alternative or complementary channel for representing community needs when direct service capacity is constrained.

Implications

For Policymakers

Policymakers should recognize that government funding disruptions can create consequences beyond the specific grant or contract involved. Delays, pauses, freezes, stop-work orders, and losses can generate administrative burdens, cash-flow problems, staffing reductions, and service interruptions. Even when a delay is eventually resolved, the uncertainty during the delay can impose costs on organizations and communities, leading to economic and quality of life impacts. Policymakers focused on improving outcomes in the communities they serve should understand the consequences of disrupted public funding and work with other lawmakers that seek to restore the relationship between government and nonprofit service providers. A focus on clear and advance communication, timely payments, predictable timelines, and transition planning when funding changes are unavoidable could mitigate the organizational and community consequences of funding disruptions.

For Philanthropy and Individual Donors

Philanthropic funders and donors can play a stabilizing role by providing flexible, rapid-response, and general operating support to organizations facing government funding disruptions. Flexible funding can help organizations preserve staff, maintain services, and avoid drawing down reserves or taking on debt. Because disrupted nonprofits may increase fundraising from charitable and philanthropic sources, foundations and donors may see higher demand for support at the same time.

For Nonprofit Leaders

Nonprofit leaders can use these findings to communicate the full consequences of funding instability to boards, funders, policymakers, and communities. The findings also underscore the value of scenario planning, reserve policies, diversified revenue strategies, staff retention planning, and documentation of unmet demand. However, the findings do not indicate that the responsibility falls entirely on nonprofit leaders. Organizational preparation matters, but stable government funding is also essential.

For Workforce Policy and Practice

Nonprofit workforce issues are often treated as internal management and human resources matters, but this report shows that workforce capacity also directly affects services to communities. When paid

staff are reduced, organizations may struggle to meet demand. Policies and funding practices that support stable staffing—including timely reimbursement, adequate indirect cost coverage, multiyear funding, and realistic contract terms—are therefore also policies that support community well-being.

Limitations

Several limitations should guide interpretation. First, the analysis is primarily descriptive. Although many disrupted nonprofits reported that specific actions were taken in response to disruptions, the survey design does not fully establish causal effects. Second, the measures capture organizational actions and leader perceptions; they do not capture all dimensions of service quality, client outcomes, or community need. Third, the survey can identify whether organizations reduced employees, programs, or people served, but it does not always capture the magnitude, timing, or duration of each change. Fourth, the advocacy measure does not indicate the content, target, or strategy of advocacy work.

Future research should use qualitative interviews to further explain how leaders made decisions about staffing, benefits, service pauses, advocacy, and demand management. Finally, longitudinal analysis could examine whether organizations that drew on reserves, borrowed funds, or reduced staff in 2025 recovered in subsequent years or faced longer-term capacity losses.

Conclusion

Government funding disruptions are often discussed as fiscal events. This report shows that they can also have workforce and community consequences. In 2025, disrupted nonprofits were more likely to reduce staffing and salaries, pause or reduce services, reduce the number of people served, and struggle to meet demand. These patterns suggest that public funding stability is closely tied to the nonprofit sector's ability to employ staff, sustain programs, and serve communities.

The findings in this report also show the sector's resilience. Many nonprofits continued to meet demand, maintain programs, or adapt through fundraising, advocacy, and new revenue strategies. But resilience should not be mistaken for unlimited capacity. When government funding disruptions persist or recur, the consequences may include reductions in workforce capacity and programs, ultimately affecting the communities nonprofits serve. Stable and predictable funding, flexible support, and attention to workforce capacity are therefore central to sustaining nonprofit service delivery and community well-being.

Appendix. How Survey Questions Are Used in This Report

This appendix is organized by table and figure numbers.

All Figures: Nonprofits That Reported Experiencing Government Funding Disruptions in 2025

1. Did your organization lose government grants, contracts, loans, or other government financial assistance at any time between Jan 1, 2025-Dec 31, 2025 (i.e. funding agreements cancelled or committed funds pulled back)?
 - a. Yes
 - b. No
 - c. Unsure
 - d. N/A – My organization was not selected for or expecting to receive any government grants, contracts, loans, or other government financial assistance from Jan 1, 2025-Dec 31, 2025.
2. Did your organization experience a delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance at any time between Jan 1, 2025-Dec 31, 2025?
 - a. Yes
 - b. No
 - c. Unsure
 - d. N/A – My organization was not selected for or expecting to receive any government grants, contracts, loans, or other government financial assistance from Jan 1, 2025-Dec 31, 2025.
3. Did your organization receive a notification from a government agency to stop work until further notice at any time between Jan 1, 2025-Dec 31, 2025?
 - a. Yes
 - b. No
 - c. Unsure
 - d. N/A – My organization was not selected for or expecting to receive any government grants, contracts, loans, or other government financial assistance from Jan 1, 2025-Dec 31, 2025.

When calculating the share of nonprofits that experienced these disruptions, the authors include responses of “yes” in the numerator and responses of “yes,” “no,” “unsure,” and “N/A” in the denominator.

Figures 1, 2, 3, 4, 5, 14, 15, and 16: Staffed Nonprofits

1. How many (paid and unpaid) people in your organization worked in the following capacities in 2025? If zero, please write “0” and if one employee has multiple duties, please only count that employee once under the position that describes the person’s main duties. If unsure, please estimate.

	Number of people	Check here if not applicable for your organization
Full-time paid staff (35 or more hours/week)		
Part-time paid staff (less than 35 hours/week)		
Board members		
Regular volunteers (including voluntary staff who perform duties for the organization each week—excluding board members)		
Episodic volunteers (persons involved for a particular purpose or event, such as a fundraising event, walk-a-thon, annual meeting, volunteer consulting, etc.—excluding board members)		
AmeriCorps volunteers assigned to your organization		
Paid consultants or contractors (paid by your organization or a funder)		
Other (please specify)		

The authors consider a nonprofit to be staffed if it reported having at least one full-time (35 or more hours/week) and/or part-time (less than 35 hours/week) paid staff.

Figures 1, 2, 5, 6, 9, 10, 13, 14, 16, and 18: Nonprofits That Took Actions at Any Time in 2025

1. Did your organization take any of these actions at any time between Jan 1, 2025-Dec 31, 2025? (Select all that apply) [Randomize the order of “Decreased overall expenses” and “Increased overall expenses.”]
- a. Increased fundraising from government sources
 - b. Increased fundraising from charitable and philanthropic sources

- c. Increased fees for services (beyond scheduled increases)
 - d. Established new earned revenue streams
 - e. Borrowed funds or increased lines of credit
 - f. Drew on reserves
 - g. Drew on an endowment
 - h. Decreased overall expenses *[Hide if "Increased overall expenses" is selected.]*
 - i. Increased overall expenses *[Hide if "Decreased overall expenses" is selected.]*
 - j. Froze or reduced employee salaries
 - k. Froze or reduced employee benefits
 - l. Decreased total number of employees
 - m. Suspended or paused services
 - n. Reduced number of programs or services
 - o. Reduced the number of people served
 - p. Increased advocacy work
 - q. Other *(please specify)*
 - r. None of the above *[mutually exclusive]*
2. *[Display only if the respondent selected "yes" when asked, "Did your organization lose government grants, contracts, loans, or other government financial assistance at any time between Jan 1, 2025-Dec 31, 2025 (i.e. funding agreements cancelled or committed funds pulled back)?" or "Did your organization experience a delay, pause, or freeze in government grants, contracts, loans, or other government financial assistance at any time between Jan 1, 2025-Dec 31, 2025?" or "Did your organization receive a notification from a government agency to stop work until further notice at any time between Jan 1, 2025-Dec 31, 2025?"]* Did your organization take any of the actions above in response to having its government funding disrupted (defined as a loss, delay/pause/freeze, and/or stop work order)?
- a. Yes
 - b. No
 - c. Unsure
3. *[Display only if the respondent selected "Yes" in the previous question.]* Which of the following actions did your organization take in response to having its government funding disrupted (defined as a loss, delay/pause/freeze, and/or stop work order)? *(Select all that apply) [Display only the items selected in the first question.]*
- a. Increased fundraising from government sources

- b. Increased fundraising from charitable and philanthropic sources
- c. Increased fees for services (beyond scheduled increases)
- d. Established new earned revenue streams
- e. Borrowed funds or increased lines of credit
- f. Drew on reserves
- g. Drew on an endowment
- h. Decreased overall expenses
- i. Increased overall expenses
- j. Froze or reduced employee salaries
- k. Froze or reduced employee benefits
- l. Decreased total number of employees
- m. Suspended or paused services
- n. Reduced number of programs or services
- o. Reduced the number of people served
- p. Increased advocacy work
- q. Other (*please specify*)

To calculate the percentage of all nonprofits that took an action, the authors divided the number of organizations that selected the action in the first question by the number of organizations that responded to the first question.

To calculate the percentage of disrupted nonprofits that took an action, the authors first filtered the dataset to only include organizations that reported losing government funding; experiencing a delay, pause, or freeze in government funding; and/or receiving a stop work order in 2025. (See “Figures 1, 2, and 3: Nonprofits That Reported Experiencing Government Funding Disruptions in 2025” for question language and response options.) In that filtered dataset, the authors divided the number of organizations that selected the action in the first question by the number of organizations that responded to the first question.

To calculate the percentage of disrupted nonprofits that took an action in response to experiencing a government funding disruption, the authors used the survey questions above to create a variable that:

- Equals 1 if an organization:
 - » Reported experiencing a government funding disruption (See “Figures 1, 2, and 3: Nonprofits That Reported Experiencing Government Funding Disruptions in 2025” for question language and response options.),

- » Took the action (i.e., selected it in the first question), and
- » Did so in response to experiencing a government funding disruption (i.e., selected “Yes” in the second question and selected the item in the third question);
- Equals 0 if an organization:
 - » Reported experiencing a government funding disruption (See “Figures 1, 2, and 3: Nonprofits That Reported Experiencing Government Funding Disruptions in 2025” for question language and response options.), and
 - » Took the action (i.e., selected it in the first question), but did not do so in response to experiencing a government funding disruption (i.e., selected “No” in the second question, did not select the item in the third question, or left the second and/or third question blank).

Figures 1 and 3: Nonprofits That Changed Health, Retirement, and Other Benefits

The following survey question was part of the Workforce Module commissioned by Independent Sector.

1. In the last year (between January 2025-December 2025, or your last full fiscal year), did your organization make any of the following changes to your health, retirement, or other staff benefits for existing staff (i.e., not counting staff hired this year), as compared to 2024?

	Significantly decreased (more than 10%)	Moderately decreased (less than 10%)	More or less the same	Moderately increased (less than 10%)	Significantly increased (more than 10%)	Unsure	N/A (we do not provide these benefits)
Health benefits	○	○	○	○	○	○	○
Retirement benefits	○	○	○	○	○	○	○
Other staff benefits	○	○	○	○	○	○	○

The authors removed responses of “N/A (we do not provide these benefits)” from the denominator. In figure 1, the authors combined responses of “Significantly decreased (more than 10%)” and “Moderately decreased (less than 10%)” into “Decreased.”

Figures 4 and 15: Nonprofits That Plan to Hire New Staff and Lay Off Staff

In figure 4, the data in the bars labeled “2024” come from the 2024 National Survey of Nonprofit Trends and Impacts. The survey question that year was as follows:

1. Does your organization have plans to change its staffing in the next 12 months? (Select all that apply)
 - a. Hire new staff with different skills than existing staff
 - b. Hire new staff with the same skills as existing staff
 - c. Lay-off staff
 - d. Slow our hiring
 - e. Speed up our hiring
 - f. Lose staff from voluntary turnover (other than retirement)
 - g. Lose staff from retirement
 - h. Retrain existing staff to learn new skills
 - i. Do not plan to change existing staff *[mutually exclusive]*
 - j. Unsure *[mutually exclusive]*

The authors considered a nonprofit to have plans to hire new staff if it selected a and/or b.

In figure 4, the data in the bars labeled “early 2025” come from the 2025 National Survey of Nonprofit Trends and Impacts. The survey question that year was as follows:

2. Does your organization have plans to change its staffing in the next 12 months? (Select all that apply)
- a. Hire new staff with different skills than existing staff
 - b. Hire new staff with the same skills as existing staff
 - c. Lay-off staff
 - d. Furlough staff
 - e. Slow our hiring
 - f. Speed up our hiring
 - g. Reduce number of hours for existing staff
 - h. Increase number of hours for existing staff
 - i. Lose staff from voluntary turnover (other than retirement)
 - j. Lose staff from retirement
 - k. Retrain existing staff to learn new skills
 - l. Move existing staff to new positions
 - m. Hire new consultants or contractors
 - n. End contracts with existing consultants or contractors
 - o. Use volunteers to fill staffing gaps
 - p. Other (*please specify*)
 - q. Do not plan to change existing staff [*mutually exclusive*]

The authors considered a nonprofit to have plans to hire new staff if it selected a and/or b.

All of the data in figure 14 and the data in the bars labeled “2026” in figure 4 come from the 2026 National Survey of Nonprofit Trends and Impacts. The survey question that year was as follows:

3. Does your organization have plans to change its staffing in the next 12 months? (Select all that apply)
- a. Hire new staff
 - b. Lay-off staff
 - c. Decrease the overall number of staff [*Hide if “Increase the overall number of staff” is selected*]
 - d. Lose staff from voluntary turnover (other than retirement) [*Hide if “Decrease the overall number of staff” is selected*]
 - e. Use volunteers to fill staffing gaps
 - f. Other (*please specify*)
 - g. Do not plan to change existing staff [*mutually exclusive*]

Figures 7, 8, 9, and 10: Nonprofits That Changed Program Capacity

All the data in figures 6, 8, and 9 and the data in the bars labeled “2025” in figure 7 come from the 2026 National Survey of Nonprofit Trends and Impacts. The survey question that year was as follows:

1. In the last year (between January 2025-December 2025, or your last full fiscal year), did your organization make any of the following changes to your programs, as compared to 2024?

	Significantly decrease (more than 10%)	Moderately decrease (less than 10%)	More or less the same	Moderately increase (less than 10%)	Significantly increase (more than 10%)	Unsure	N/A, My organization does not provide programs
Total number of programs	☐	☐	☐	☐	☐	☐	☐
Total number of people served	☐	☐	☐	☐	☐	☐	☐
Total number of program locations	☐	☐	☐	☐	☐	☐	☐
Total dollar amount of program fees (fees for service received)	☐	☐	☐	☐	☐	☐	☐

In figure 7, the data in the bars labeled “2024” come from the 2025 National Survey of Nonprofit Trends and Impacts. The survey question that year was as follows:

2. In the last year (between January 2024-December 2024, or your last full fiscal year), did your organization make any of the following changes to your programs, as compared to 2023?

	Significantly decrease (more than 10%)	Moderately decrease (less than 10%)	More or less the same	Moderately increase (less than 10%)	Significantly increase (more than 10%)	Unsure	N/A
Total number of programs	○	○	○	○	○	○	○
Total number of people served	○	○	○	○	○	○	○
Total number of program locations	○	○	○	○	○	○	○
Total dollar amount of program fees (fees for service received)	○	○	○	○	○	○	○

For figures 6, 7, 8, and 9 authors removed responses of “N/A (we do not provide these benefits)” from the denominator. For figures 6, 7, and 8 the authors combined responses of “Significantly decrease (more than 10%)” and “Moderately decrease (less than 10%)” into “Decreased.” For figures 7 and 9, the authors also combined responses of “Significantly increase (more than 10%)” and “Moderately increase (less than 10%)” into “Increased.”

Figures 11 and 19: Nonprofits That Anticipate Demand to Increase

The data the bar labeled “early 2025” in figure 11 come from the 2025 National Survey of Nonprofit Trends and Impacts. All the data in figure 19 and the data in the bar labeled “early 2026” in figure 10 come from the 2026 National Survey of Nonprofit Trends and Impacts. The survey question in both years was as follows:

1. In the next year, do you anticipate the demand for your programs to decrease, stay the same, or increase?
 - a. Decrease
 - b. Stay the same
 - c. Increase

Figures 12, 13, 14, 17, and 20: Nonprofits That Met Demand

1. Approximately how many people do you estimate your organization served and was unable to serve in the last year (between January 2025-December 2025, or your last full fiscal year)?
Please do not count the same person more than once and use your best estimates. Enter a whole number.

Number of people served (best estimate)
Number seeking services that you were unable to serve by the end of the year (best estimate)

The authors considered a nonprofit to have met demand if the number seeking services that an organization was unable to serve by the end of the year was 0, and to have not met demand if it was greater than 0.

Figures 17, 18, 19, and 20: Nonprofits with One or More Programs Primarily Serving a Group

1. Do some or all of your programs focus on serving any of the specific groups listed below?

	This is a primary group we serve (50% or more of people we serve in one or more programs belong to this group)	This is a secondary group we serve (up to 49% of people we serve in one or more programs belong to this group)	We do not specifically focus programs on this group
Children and youth (up to 18 years old)			
Young adults, 19-24 years old			
Adults, 25-64 years old			
Adults 65 years and older			
Veterans			
Families or individuals with incomes below the federal poverty line			
Families or individuals that receive food assistance from			

	This is a primary group we serve (50% or more of people we serve in one or more programs belong to this group)	This is a secondary group we serve (up to 49% of people we serve in one or more programs belong to this group)	We do not specifically focus programs on this group
governmental and/or non-governmental programs			
Individuals who receive Medicaid			
Foreign born individuals or families			
Hispanic or Latino			
Black or African American			
American Indian or Alaska Native			
Asian			
Native Hawaiian or Pacific Islander			
Middle Eastern or North African			
Individuals with physical or cognitive disabilities			
Men/boys			
Women/girls			
Individuals of nonbinary gender			
Individuals identifying as LGBTQ			
Other (please describe)			

The authors considered a nonprofit to have one or more programs primarily serving a group if the respondent selected “This is a primary group we serve (50% or more of people we serve in one or more programs belong to this group)” for that row.

Notes

- ¹ “Organizations with programs primarily serving [a group]” are defined as organizations that reported having one or more programs where 50 percent or more of people served belong to the group.

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