

Federal Impact on Montgomery County Nonprofits



State of Nonprofits Report 2025 Supplement

Introduction:

In October 2024, Nonprofit Montgomery launched the State of Nonprofits Needs Assessment to inform our 2025 *State of Nonprofits Report*. The needs assessment concluded just before the 2024 presidential election and did not address uncertainties related to federal policy shifts. When the *State of Nonprofits Report* was released in March 2025—just six weeks after Inauguration Day—the effects of the new administration’s policies had not yet surfaced. As a result, the report did not capture the potential implications of federal policy shifts, leaving a gap to be revisited as those impacts became clearer.

To address this gap, Nonprofit Montgomery issued a follow-up survey six months after Inauguration Day.

Section 1: Survey Analysis

Thirty-four organizations responded to the follow-up survey. These represent a broad cross-section of the county’s nonprofit sector, with 55 percent of respondents reporting budgets under \$1 million. Seventy-four percent of the responding organizations are well-established in the community and have been providing services for over 15 years.

The first question focused on the impact to date of the administration’s decisions. Given inconsistencies in implementation and ongoing legal challenges, we sought to understand how nonprofits were experiencing disruptions—ranging from funding and contract uncertainty to shifting operational requirements, staffing challenges, rising community needs, and strains on service delivery.

Responses reflected a perception of disruption to civil society and the health of the nonprofit sector. Not only did respondents report concerns about federal funding sources, but the economic uncertainty facing Montgomery County has led to a decline in individual giving, noted by 74 percent of respondents. Nearly two-thirds of respondents reported declines in corporate and foundation giving.

“...there is growing uncertainty in the landscape due to impacts from tariffs on our costs, job losses, general economic uncertainty and the impact from that on our donations. All the variables in our formula are impacted.”

— Survey Participant



“Between the rising need in the community (we have seen a number of federal employees and contractors reaching out to us for support in the wake of government layoffs); the threats to immigrants’ and unhoused peoples’ safety; and the demonization of Queer, Black and Latino, and other marginalized groups (the majority of not only our clients, but also of staff), it’s harder and harder to keep one’s head up and do the work.”

— Survey Participant

Compounding these challenges, traditional funding streams are shrinking, while access to established avenues for support is becoming more limited. At the time of writing this supplement, the Trump administration announced a pause of the Combined Federal Campaign, disrupting funding for nearly 200 nonprofits in Montgomery County, but then reversed that decision. This underscores both how quickly critical resources can be constrained and the uncertainty of policies.

Our survey findings about funding mirror national trends, closely aligning with findings from the Center for Effective Philanthropy’s *State of Nonprofits 2025* report.¹

Immigration enforcement is another high-priority concern for Montgomery County’s nonprofits. Sixty-two percent of respondents reported their work has already been affected by heightened enforcement actions, creating new challenges for the communities they serve. One-third have also seen rising demand for services since Inauguration Day, driven in part by federal job cuts. That demand is expected to intensify as pay for RIF-ed employees expires in September 2025.

“As cuts are made, the services are still going to be needed ... We are only shifting problems around. People experiencing food insecurity, addiction, disability, etc., may be “out of sight” under the new administration but they will be forced into hospitals, institutions, and the criminal justice system, all of which are more expensive and inhumane.”

— Survey Participant

Section 2: Looking Forward

This survey was launched shortly after President Trump’s “Big Beautiful Budget” was approved by Congress. While many of the harmful cuts in that bill won’t begin to take effect until late 2026, respondents were asked to identify the elements of the bill they were most concerned about.

A majority pointed to cuts to SNAP and Medicaid, along with heightened immigration enforcement, as policies that will harm the residents they serve. Nonprofits anticipate these changes will drive greater demand for services in the community, just as resources are becoming scarcer.

Section 3: Recommendations for a Cross-Sector Response to the Administration’s Actions

In the face of dramatic shifts in federal funding priorities, deep cuts to core safety-net programs, and the dismantling of the federal workforce, communities nationwide are being harmed. Montgomery County faces particular exposure as a majority-minority, Democratic-leaning community with significant immigrant populations and a large share of residents employed by the federal government. While uncertainty remains about whether, when, and how these actions will be implemented, we call on government, nonprofits, businesses, and philanthropy to live out our shared values—a commitment to being a place where all residents can succeed regardless of age, race, ethnicity, or economic circumstances—by taking the following actions:

1) Recommit to supporting at-risk populations and underserved communities

Federal policies continue to target those most affected by social and economic injustice in our community—including low-income families, LGBTQ+ residents, immigrants, people with disabilities, and individuals facing substance use disorders or mental health challenges. These ongoing attacks make it more important than ever for County leaders, across both the public and private sectors, to stand firm in the belief that every Montgomery County resident deserves the opportunity to thrive where they live, work, and learn.

2) Recognize the vulnerabilities of the nonprofit sector, and invest in the future.

Experts believe that the actions of the administration are the biggest danger to civil society² in decades. Organizations that are deprived of funding, attacked for their work, and limited by policy changes will fundamentally change, meaning that the nonprofit sector locally and nationally may look very different in five to ten years.

The sector needs support to navigate those changes. Nonprofit Montgomery’s March 2025 report identified collaboration as a top priority, and that remains true, with increased emphasis on the need for investments in technical assistance and support to organizations as they make difficult decisions about their futures.

3) Share information regularly and transparently

In times of chaos, knowledge is power. Government, nonprofit, business, and community sectors cannot afford to withhold information from one another. As municipal, county, and state agencies begin to see the impacts of new policies, that data must be shared widely to catalyze a coordinated, multi-sector response.

As Montgomery County navigates these uncertain times, now is the time to work across sectors for a common good. Let’s join together in living our values every day.

“We are committed to uplifting the values of inclusion, connection, and compassion to ensure that our community remains a safe and welcoming place to live, work, worship, and raise a family. “

— Council President Kate Stewart,
Keeping Up With Kate newsletter, 1/28/25

¹https://cep.org/wp-content/uploads/2025/05/NVP_State-of-Nonprofits_2025.pdf

²<https://nonprofitquarterly.org/what-is-civil-society-and-how-is-it-under-threat/>