

Avigail: Hi, I'm Avigail Oren.

Lizzy: And I'm Lizzy Ghedhi-Ehrlich.

Avigail: And we are your hosts for Scholar Strategy Network's No Jargon. Every other week, we discuss an American policy problem with one of the nation's top researchers without jargon. Before we get into today's episode, a quick note that this is our last episode of the year. We'll be taking a little holiday break, and we'll be back with fresh episodes starting on January 20th.

Lizzy: And as expected, we're all pretty excited about that. You know, it's been another whole year, and I personally am very much looking forward to taking a break, chilling with my friends and family, seeing everyone back refreshed in the new year.

Avigail: Same. Like this break feels fitting, because this episode is, if not holiday-themed, timed well around the holidays. This is the time of year when a lot of us are thinking about generosity and giving and helping our communities. I know I'm getting tons of end-of-year emails, and trying to decide what organizations I'm gonna be supporting, and figuring out how to be as generous as I possibly can be within this tax year. So, here's the twist. While many of us are writing end-of-year checks, a lot of these organizations cannot just depend on donations. Most also rely quite heavily on government funding.

So before we dig into what happens when nonprofit organizations face federal funding, cuts, delays, and freezes as they are right now, we have a request for our listeners, because SSN is also a nonprofit. But unlike many of the organizations we're talking about today, we don't receive federal funding. So the upside is, it wasn't cut because we never had it. But our work, including this podcast, is supported entirely by grants and donations from listeners and supporters.

Lizzy: That's right. And, you know, this holiday season, when we're here to also spread the word about what federal funding cuts mean for organizations that are our colleagues, our peers, the people that we work together to deliver really

important work to people, we hope that you'll also consider including SSN in that end-of-year giving plan.

With the support of our listeners, of the people who use our website, who we conduct outreach to, and get our researchers and everything that they can give to help with increasing the power of policy and strengthening democracy, with the support from all of you who use those services, SSN gets to continue providing No Jargon ad-free with no paywall, as we do for a lot of our work, making it open access possible for anyone to have access to this powerful research and the perspectives of our SSN scholars.

We wanna be able to keep giving that to as many people as possible. We all need it. We all deserve it. No Jargon is just one piece of what we do here at Scholar Strategy Network. Over the past year, we delivered 105 policy and media engagement trainings to over 2,500 people and directly. Helped scholars publish 128 op-eds in national and local media outlets at a moment when the truth is really being contested. When expertise is under pressure, your generosity is helping researchers show up to inform public debates. We've made giving as easy as possible. Just visit our website at www.scholars.org/donate.

Avigail: Okay, back to today's conversation. For this episode, I spoke with Diana Mason, an associate professor at the University of Oregon and director of its master's program in nonprofit management. Her research focuses on nonprofit governance and management, fundraising and charitable giving, nonprofit government relationships, and public management.

Here's our conversation.

Avigail: Professor Mason, welcome to No Jargon.

Dyana: Thank you.

Avigail: So to start, our listeners have probably been seeing headlines recently about federal grants that are being delayed or reduced, often on the research side. But you study nonprofits, and they have also been impacted. Can you give us a

little bit of a snapshot of where things stand right now with federal funding for nonprofits?

Dyana: Yeah. Thank you for that question. I know a lot of organizations and organization leaders are very worried and scared about what's going on or not going on, or the, the fast moves that are happening at both the federal level. The state level and in the courts. So when President Trump took office in January of this year, he signed a series of executive orders that initially attempted to freeze all federal funding to states and nonprofit organizations.

And a lot of legal action has been occurring over the last six months or so to try to make sense of these orders. Some of them have been rolled back. Some of them have been rescinded. In addition to that, the grant criteria and calls for grants have been shifting and changing. Some groups are receiving money. Some groups have had their money cut off. So it really depends on the type of grant that nonprofits have been approved for. As to, you know, whether or not and how much, it will be impacted by these executive orders.

And it's still an uncertain influx environment. There's court decisions happening pretty regularly on a lot of these executive orders, and depending on which agency you receive your funding from, it may be tied up in court, it may be settled. It may be further tied up with new grant criteria coming down the pike. So, we encourage all nonprofits to really keep up to date with what's happening in the courts, through groups like the National Council of Nonprofits or the Nonprofit Association of Oregon. And also to keep in touch with their attorneys if they have them, to keep on top of the status of the various orders and the legal actions that are going on behind the scenes.

Avigail: So for nonprofits that receive federal funding, what is at stake when their federal dollars are delayed, frozen, or pulled back?

Dyana: So, to back up a little bit, nonprofits provide a very significant portion of the social safety net in this country. While nonprofits sometimes receive charitable donations to cover some of these services, the majority of these services are actually provided through state, local, and federal grants. And any disruption to

those grants will imperil those programs that these organizations are providing. Whether it's the federal funds and direct federal grants to nonprofits, or the block grants that flow from the federal government to the states, which then reduce the number of state and local grants that may be available to be drawn down from.

In addition, we know from our research and my research that a lot of groups don't have significant reserves on hand. So if they face a delay in their disbursements for grants, they could be facing short-term layoffs, closure of programs, and just, you know, great disruption to what they're trying to offer their communities in terms of their mission. So it's very significant, and we're, we're trying to keep an eye on and a handle on what's actually happening.

Avigail: Yeah. I wanna ask you about the funding mix of nonprofits. In your experience, what is the average proportion of federal funding versus individual donations or philanthropy?

Dyana: Yeah, that's a good question. So, when we look at the data at a national level, about a third of all of the money that flows into the nonprofit sector in the United States comes from federal grants and contracts. So that is quite a significant amount of money that is flowing into this sector.

Secondly, things like charitable giving is actually a pretty small proportion. Only about 10% of the money that comes into the nonprofit sector every year comes in through individual donations and bequests and even corporate philanthropy or corporate giving. So you can see that the relationship between the nonprofit sector and the federal government and state government is actually very tightly knit.

And again, if we were to see significant long-term cuts to the type of funding that flows from government into the sector, what that means is that nonprofits will not be able to provide the services that they have been providing for decades. Things like housing supports, afterschool care, you know, supporting food services for those who are experiencing food insecurity. Medical care, for those folks who are locked out of the market, for medical care. So it would be a very significant impact on the social safety net that we have.

Avigail: Are there certain types of nonprofits that tend to rely most heavily on federal grants and contracts?

Dyana: You know, it really depends on the organization and the grant opportunities that are available out there. There's a lot of organizations, arts and cultural organizations, for example, that do receive grant funding from either local, state, or federal grant money buckets. There's organizations that do community education and outreach, working to help inform folks about key issues or the benefits that they're eligible for.

So there's a lot of different buckets of money out there, and that's part of the confusion that we're in right now, that with the federal money on and off, maybe on, probably off, over these last several months. And that money then would impact the states and local governments. It's really unclear where exactly the opportunities are for organizations to pursue grants and pursue new contracts with government, or even to maintain existing contracts and grants with government.

Avigail: So I would love to look at an example of, if not a specific nonprofit, a type of nonprofit that has felt these impacts really directly. One of the examples of nonprofits that comes to my mind is food pantries, soup kitchens, and meal providing nonprofits because we just recently saw the cutoff in SNAP benefits that help low-income people purchase food. These are nonprofits that often get more attention during the holiday season. So what is happening in that sector, and what is the role of federal funding for them, and the possible stakes of it being cut off.

Dyana: So federal funding for food services like SNAP and WIC and other programs like that is the vast majority of the support that individuals receive who are low-income or experiencing food insecurity. What's interesting is that traditionally food banks have mostly been kind of that last mile, like looking to get some additional food out into communities that had otherwise not had access to things like fresh produce, or that additional box pickup every week that they need.

So if SNAP were to disappear, groups like the Oregon Food Bank, which helps coordinate the network around the state or local, your local church, food bank,

they're gonna be stretched very, very, very thin, and will not be able to meet the need of our communities.

I think that's one of the things that we know from the research and from giving patterns is if government support disappears, giving by individuals in the general public is not going to be able to make up the difference. And so people will go hungry, they will not be able to feed their children.

And we've also seen, you know, threats to cut back on school breakfast and lunch programs, too. So a lot of low-income families actually count on that food being available for their children while they're at school. So they only have to worry about, you know, one meal a day, not three. So this is a very significant threat to our entire food system in the United States.

In addition, you know, the USAID cuts that impacted our farmers because USAID was buying the surplus food from our farmers and shipping it overseas to feed those who didn't have enough food. That's also having a great impact both here on local economies in terms of our farmers and also internationally with communities not being able to access the food they need.

Avigail: I wanna come back to international nonprofits. But first staying domestic, I have another question for you. So we've already seen signals that the Trump administration may scrutinize or penalize nonprofits perceived as quote unquote liberal or left-leaning. What kinds of pressures is this creating for leadership staff or even the communities that nonprofits serve?

Dyana: Yeah, I think people are really scared right now, and I don't know how much more clearly to put that there. They're worried that if they choose to speak out on issues that are core to their mission, they may be targeted for loss of funding or other opportunities or, you know, even loss of tax-exempt status.

So a lot of organizations are really trying to keep their head down, I guess in some ways. And I know there's been a big debate in the nonprofit sector, particularly around organizations that engage in sort of social justice work, around the country, is how much do you want to try to keep your head down or how important is it to

stand up and continue to speak to your mission in very strong and uncompromising ways.

And I don't have an answer for every group. I think that's a conversation that different organization leaders need to, and board members, need to have in order to decide where they feel comfortable with. It's an unusual time in that, you know, collective action and kind of banding together and speaking out collectively might make a difference in normal circumstances and reduce the threat to any single organization involved in it. But what's happening now is the federal administration has been seen to just kind of wipe the slate clean with whole buckets of different types of topics and groups without really any thought to the important services those organizations are providing.

And so if you do, so a lot of groups are really worried about ending up on the wrong side of the administration in that way. It's not just groups that receive grants either, 'cause as I mentioned, a lot of organizations are nervous about their tax-exempt status. A lot of groups are nervous about being called out or singled out for additional scrutiny that they may not have the capacity to kind of withstand. So it is a very frightening time to be a nonprofit leader and a board member who cares deeply about the communities that they're serving, particularly vulnerable communities.

And as I mentioned earlier, the federal funding and the cuts to the states that we're seeing or maybe seeing soon will have a trickle-down effect on the nonprofit sector as well. So even if your group isn't directly impacted by one of the many executive orders that have been signed by President Trump, it definitely doesn't mean that you might not be impacted by the political environment that we're in, even when you strive to be nonpartisan.

The National Council of Nonprofits actually has a little risk assessment tool that nonprofits can complete to sort of see what their exposure, for lack of a better word, might be, on some of these issues. And I encourage nonprofit leaders to check that out and see where they kind of fall and engage in a conversation inside their organization as to, as, you know, strategies to move forward during this time.

Avigail: I think exposure is a perfect word, actually. You know, I think your point earlier is an important one here, that private money can't make up for this shortfall in federal funding, right? So taking the risk, if you thought the calculus would be, we will stand by our mission and our morality and hope that people will recognize we're doing the right thing. They might, but is that enough? That's pretty dire math for nonprofit leaders.

Dyana: Yeah, and I very much respect those calculations that nonprofit leaders are having to go through right now. There is no one-size-fits-all. If you stand true to your mission and lose your funding, you're not gonna be able to serve your community. It isn't like a marginal difference. It could mean your ability to serve your community at all.

So I think that organizations, you know, should take these threats seriously. There are ways that they may be able to continue to meet their mission, that, you know, is less, I don't, I don't wanna say targeting, but it, it could reduce, their exposure among the grant funders and program officers in Washington, DC, or in your state.

So again, I think that this is a conversation that organizations should have, and I don't think it's one-size-fits-all. Different groups with different leaders will make different decisions, and I respect whatever decision organizations feel like they have to make to protect and serve the groups that they're working with.

Avigail: At the end of the day, it's real people who are gonna be affected, it's not an abstraction.

Dyana: Yeah, exactly.

Avigail: So I wanna zoom back out to the international context that you sort of brought us to, by raising the point about USAID. You've called President Trump's executive orders affecting international aid unprecedented. Can you explain what happened and what makes this moment different from the past?

Dyana: Well, you know, basically, USAID has been dismantled. Almost all of the grants have been terminated to international aid organizations and international

nonprofits. The catastrophe that this is gonna cause these communities globally, particularly those that are trying to pull themselves out of poverty or deal with very serious disasters like flooding or drought, or the spread of diseases like HIV and AIDS or Ebola.

Having no leadership from the US government at the federal level, it will be devastating for these countries and these communities. I was lucky and got to take students to Southeast Asia this past summer, and we met with many nonprofit groups who were working in their countries, around things like child education and asylum access and things.

And, most of them experienced dismay about the cuts that they had already seen. And this was in the early summer. I'm thinking of an organization that had already laid off a third of its staff and one of the staff members who was working with my students that was hired to work with my students locally had just been laid off from her job too. So these cuts are having dramatic effects

You know, we're not the only nation that funds these types of programs. The EU is very involved. The UN, other national humanitarian organizations like through Canada and Sweden and South Korea, they all have their own versions of USAID. But USAID was a very significant player in providing food, medicine, research, shelter, around the world.

And these cuts will be devastating and cost lives. Research has shown that it will put more people at risk of disease and early death, early mortality, due to lack of these types of programs.

Avigail: Short of reconstituting USAID, are there other methods or strategies that the US government has to continue funneling aid abroad, or is really the only recourse to reconstitute?

Dyana: So I don't believe USAID is the only government agency that does provide international aid. It was the main one. If we were to head in a different direction, the few programs that still exist and are now under the State Department directly could be rebuilt and built out.

There are still a lot of people who have been laid off who would like to be able to do this type of work, for either the United States, for communities in the US or abroad. I don't think they'd have a shortage of staff, interested and willing to go back to work, helping people. I think, though, that that was the main arm that was used to do that sort of soft power, through doing good work and delivering food and medicine and housing and shelter, to communities, and doing peace building and helping emerging democracies, you know, strengthen their own capacities. And, that is gone right now. So, you know, I'm hopeful that if things were to change in Washington, people can get back to work quickly before too much damage is done.

Avigail: And what are other kinds of policy changes or administrative reforms that could give nonprofits, domestically or internationally, more stability and breathing room at this moment?

Dyana: You know, there's been some talk about reforming the tax code to provide flat tax refunds for people or tax credits rather than the sort of line item benefit that people are able to have right now. The problem with our current tax system is that if you don't make enough money to actually itemize your deductions, you don't itemize even your charitable giving.

So only the folks that sort of meet that threshold, and I think it's like \$25,000 for a couple, now of deductions before you actually get to see an additional benefit, as a deduction for your charitable giving. So there's some talk to, you know, allowing for a sort of a flat e-credit. You give \$500 and you receive a tax credit of \$500 on your taxes or a proportion of that. So, incentivizing and making it easier for more people to receive benefits for their donations, I think, would be helpful and leverage individual charity over governmental support. It would be great to have those who do have the means to make more contributions and higher contributions as a proportion of their wealth.

Typically, the wealthier individuals are, the smaller proportion of their annual income goes to charity. So making it maybe sweeter, sweeten the pot a little bit to allow high wealth individuals to provide more, more charity and charitable donations.

There's been some talk about raising the 5% cap that private foundations have to pay out every year. So right now, they have to pay out 5% of their assets in the form of grants to nonprofits or individuals. And, some have called for foundations to provide more than 5% of their assets out. But that also has the downside of potentially spending down their principal and they go out of business sooner rather than later.

So there's no easy fix. I think that what we need to do is work to try to convince policymakers that nonprofits and nonprofit organizations provide vital services to our communities and serve people who often have no other place to turn and to encourage them to increase appropriations and budget bills that are still being worked on through the Congress and or, to call on their state legislators to do the same.

Avigail: As someone who teaches nonprofit management, what do you think is the most important skill or mindset that nonprofit leaders need right now to navigate this period of uncertainty, feels insufficient.

Dyana: Yeah, I was talking to my students about this last week we've been in this crisis mode for five years, since COVID hit in 2020, and it's been sort of one hit after another, right? Like we had a huge drop off in charitable giving in the early days of COVID. But we were then propped up by federal funding programs like the paycheck protection program, and then now we're in this other new sort of arbitrarily created crisis that doesn't seem to make a lot of sense for leaders in communities and even policymakers who are used to having things like social services be something that's pretty solidly supported in both state and federal budgets.

I would think that the one skill that folks should have these days if they're hoping to lead nonprofit organizations or are leading non-profit organizations is flexibility and being able to adapt and continue to look for new opportunities.

The research over the past crises, whether that's COVID or the Great Recession from 2008 to 2010-11, really showed that the organizations that took their time to develop new strategic plans, who continue to scan the environment for

opportunities, who continue to build strong relationships with their funders and community members, tended to come out of those crises better.

And those that didn't, those that kind of retrenched or slowed down or cut back on their programs. So being able to do that, being able to be flexible and adaptable, being able to lead a strategic planning process, being able to have a board that partners with you on these types of issues really requires strong leadership among nonprofit executive directors and board members. So, I encourage those who might be listening to this podcast to start engaging within your organizations in these big picture questions inside your organization. Don't rest on the status quo or past successes.

We really need a new generation of leaders to take the next step and help us through this crisis and into a more sustainable future.

Avigail: While we're addressing the listeners, we're now in the holiday season, and people are thinking about where to donate. What kinds of gifts or contributions are actually the most helpful to nonprofits at this time of year?

Dyana: Cash. So, you know, that seems flip, but by providing organizations donations to the best of your ability and allows them to make the decisions that are best for their communities by buying locally, being able to source the materials and supplies and supports that they need, to be able to build their internal capacity to grow their programs when federal monies are drying up. So, making contributions to the best of your ability is always the best way to help organizations

And, volunteering, of course, is really, really important. So getting involved in your community learning, what types of programs exist and how you might be able to fit in with your available time and own personal capacity is also always really welcomed by organizations. A lot of organizations are actually run solely by volunteers. They don't have paid staff. So finding, you know, an organization where you can really get behind the mission and putting in some time, whether that's remotely at home or at an office, or in your community, filling little pantries or whatever, you know, everything can make a difference.

Avigail: So I wanna end on a higher note. We've talked a lot about challenges, and I wanna ask you what's giving you hope, either in how nonprofits are adapting, like you sort of spoke about in terms of the skill question or how communities are stepping up to support them.

Dyana: Yeah, I think one of the things that gives me the most hope is that leaders and my students are sort of trying to wade through all of the noise that's happening at the federal level and really trying to understand what's going on and how it's going to directly impact. Those they serve and then make changes as needed to that. So they're not catastrophizing every new press release, but really trying to think through the problems and the challenges that they're facing in a way to best support their communities. And they are laser-focused on their missions right now and making sure that they are doing the most good in very challenging environments, a lot of them.

So they all should be applauded for the work that they're doing every day. And, you know, I'm lucky and I get to work with students who want to go work in the nonprofit sector and they're just full of ideas and energy and wanna problem solve. And, they're out there already working and interning and serving on boards of directors and they're really bringing that new vision, you know, a vision to the organizations that they're serving.

And that's always really hopeful that we'll keep doing the work, no matter what happens, basically.

Avigail: I love to hear it. Professor Mason, thank you so much for coming on No Jargon.

Dyana: Yeah. Thank you.

Avigail: And thanks for listening. For more on Professor Mason's work, check out our show notes at scholars.org/nojargon.

No Jargon is the podcast of the Scholars Strategy Network, a nationwide organization that connects journalists, policymakers, and civic leaders with America's top researchers to improve policy and strengthen democracy.

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