Federal Policy Impacts on Nonprofit Organizations

Center for Community and Nonprofit Studies
SCHOOL OF HUMAN ECOLOGY
UNIVERSITY OF WISCONSIN–MADISON

United Way of Dane County

Irwin A. and Robert D. Goodman NONPROFIT CENTER

Background

In 2025 and early 2026, **a series of major federal actions altered the social and political landscape for nonprofit organizations and the communities they serve**. These included executive orders and agency directives, new legislation like the One Big Beautiful Bill Act, a historic government shutdown, and the 2026 appropriations bill.

Together, **these shifts have disrupted long-standing funding relationships between federal, state, and local governments and nonprofit partners**, while also introducing new policy changes affecting basic needs programs like food assistance and healthcare.

At the same time, ongoing uncertainty around implementation and enforcement has created widespread instability across sectors. **Significant disruptions to contracted funding, payment systems, and program continuity have given rise to urgent questions for nonprofit organizations, philanthropic groups, and communities about how to approach services and plan for the future in an increasingly unpredictable environment.**

About This Project

With support from **United Way of Dane County** and the **Goodman Nonprofit Center at the Madison Community Foundation**, our research team has tracked and analyzed the full range of federal policy shifts and their anticipated impacts. This work includes:

- Monitoring developments in **executive orders**, **legislation**, and government disruptions
- Gathering insights from **regional experts** and **organizations** working in the field.

As part of this broader effort, the Co-Create project team conducted a **survey of nonprofit professionals and representatives across Wisconsin** along with additional information-gathering activities, including **focus groups with state and local subject matter experts**.

This project provides a more complete understanding of **how evolving federal policies are shaping the nonprofit sector and the communities it serves**. The survey collected 133 responses between November 5, 2025 and January 7, 2026, with participants from a wide range of sectors. These results are summarized below, along with the policy changes our team has tracked.

Impacts on Organizations

Federal Funding

Many nonprofit organizations experienced:

- A loss or a delay in federal funding
- Challenges navigating a new, **more precarious, restrictive & competitive funding landscape**, which takes up extra time and resources

Nonprofits working in housing; arts, culture & humanities; workforce development; health care; food security; mental health; and education reported the most severe impacts.

Non-Federal Funding

- Nonprofit organizations are also experiencing a decrease in the availability of non-federal funds.
- Many indicated there is increased competition for non-federal funds, **resulting in fewer funds all around**.
- Organization representatives also cited hesitation from philanthropic organizations during this precarious time.

Pressure to Shift Organizational Focus

- To avoid a loss of funding, organizations are feeling pressure to **shift away from specific populations served, and from diversity, equity, and inclusion in the organizations' language and focus of work**.
- These shifts require **additional time and resources**.

Impacts on Organizations

Challenges Meeting Community Needs

- Over half of survey respondents reported experiencing increased challenges in responding to community needs due to policy changes, to **a great or moderate extent.**
- Challenges included fear amongst community and staff, community **reluctance or hesitation to attend programming**, and community members' **access to food** and SNAP benefits.

Other Non-Financial Impacts

- Continually changing policies and resulting uncertainty has generated **increased work** for their organization and made planning difficult.
- Staff **stress and exhaustion** with increased workload navigating policy changes while staffing is strained due to resource vulnerability.

Recommendations for Multisectoral Support of Wisconsin Nonprofits

Funding

- The sector and individual organizations may generally need more reliable or diversified funding to sustain and evolve services.
- In the near term, some unrestricted philanthropic relief funding to address:
  - Increased workload
  - Staffing strains
  - Continuation of critical programming

Advocacy and Support From Partners

- Greater understanding and support is needed from partners, particularly elected officials, governmental partners, and partners in the business community.
- Organizations should support civic participation, democratic processes, and convenings of leaders for ongoing coordination across fields.
- Storytelling and awareness-building is needed on community needs and the nonprofit sector's role.

Collaboration Among Organizations

- Organizations in the sector should build solidarity and collaborations to:
  - Creatively face new challenges together
  - Coordinate across sub-sectors and subject matter to track policy changes and support informed, timely responses

Community-Based Efforts

- Organizations and coalitions should:
  - Support individuals in navigating barriers to healthcare, food access, and tax credits, with focus on the most vulnerable
  - Contribute to transparent, accurate and easily accessible information-sharing and and sense-making of policy shifts

Visit our web page for more information

United Way of Dane County

Center for Community and Nonprofit Studies
SCHOOL OF HUMAN ECOLOGY
UNIVERSITY OF WISCONSIN–MADISON

Irwin A. and Robert D. Goodman NONPROFIT CENTER