



DISRUPTED

HOW FEDERAL FUNDING VOLATILITY
IS AFFECTING NONPROFITS



UNITED WAY
Greater Mercer County

APRIL 2025

Dear Colleagues and Community Partners,

At the United Way of Greater Mercer County, we are committed to advocating for the stability, sustainability, and strength of the vital services offered by our partners that uplift vulnerable populations daily. In light of the ongoing federal funding disruptions, we launched a short survey to assess our network's immediate and potential long-term impacts on nonprofit organizations.

We are grateful to the 28 organizations that responded to the survey. In addition to the survey, we had one-on-one conversations with Executive Directors and participated in roundtable discussions. All the responses were similar. One nonprofit leader mentioned, "over 90% of our funding comes from government grants." They are stable for now, but the outlook is uncertain. Another executive director shared that they are proactively preparing clients and staff in case program closures become necessary.

Overall, while 28 survey responses represent a relatively small sample, when combined with ongoing conversations, they provide a meaningful snapshot of the current landscape in Mercer County. Their voices paint a stark but honest picture of the uncertainty, challenges, and ingenuity nonprofits are experiencing. This report summarizes the results of that survey. It reflects our shared reality: frontline organizations continue to serve with commitment, even as critical funding sources are paused or at risk.

We offer this report as a tool for funders, policymakers, and fellow nonprofit leaders to understand what's at stake — and to join us in advocating for strategic, collaborative solutions.

With appreciation,



A handwritten signature in black ink that reads "Sandra Toussaint".

Sandra Toussaint
President & CEO

In early 2025, as uncertainty around federal budget appropriations intensified, our team surveyed nonprofit organizations (February 28 - March 17) to assess the local impact of the funding disruptions. This effort gathered data from 28 organizations across various service areas — from elder care and housing to domestic violence response and youth support. The findings confirm what many feared: the consequences are tangible, immediate, and potentially long-lasting.

The recent federal funding volatility underscores a broader national concern regarding nonprofits' financial stability in the absence of government grants. According to a February 2025 Urban Institute report, 213 nonprofits in Mercer County reported in their IRS Form 990 receiving \$706,728,793 in government funding, with over 68% of that believed to be at risk (Poongundranar, Lecy, Tomasko, Harrison, & Martin, 2025). In 2021, over 103,000 public charities across the United States reported receiving more than \$267 billion from government grants, highlighting the sector's reliance on such support. The current freezes, delays, and disruptions jeopardize immediate program delivery and threaten organizations' long-term viability of serving vulnerable populations.

Who Responded

Respondents represent a diverse set of nonprofit organizations working across Greater Mercer County. Most organizations serve multiple vulnerable groups, including elderly individuals, families with children, unhoused individuals, domestic violence survivors, and youth. Their geographic reach spans municipalities across Mercer County, and several organizations have a multi-county or statewide reach.

Organizational sizes varied, with annual budgets ranging from under \$100,000 to over \$60 million and staffing levels from 0 to 700 employees.

“The federal government’s cuts impact far and wide, even beyond those who receive federal dollars directly. The impact will be widespread and harm our most vulnerable communities.”

Key Findings and Themes

Programs Are Already Being Affected - More than half of the respondents indicated that the federal funding uncertainties had already affected one or more of their programs. Affected programs include subsidized meal programs, housing navigation, sexual assault and domestic violence services, and trafficking victim support.

“We often refer our families to partner organizations to support with other social services; our concern is that those agencies may also be affected and will limit the network of support we are able to offer families.”

The Human Cost is Real - Across the 28 respondents, 188 employees were reported to be affected by the federal funding disruptions. In some cases, this includes staff whose hours have been cut or roles that are frozen or eliminated.

"These are some of the few sources of funds willing to support salaries. There are so few options to replace funding sources that allow for overhead and personnel costs. This is the biggest concern for the agency — programs would need to be discontinued simply because other funding sources do not pay personnel to run these programs."

Budget Impacts Are Substantial - The cumulative budget impact reported by survey respondents totals over \$11.5 million, representing about 9% of the collective budgets of all organizations surveyed. Some organizations noted that this affects 25–30% of their operating budgets.

"Impossible to manage day-to-day and plan in any rational manner."

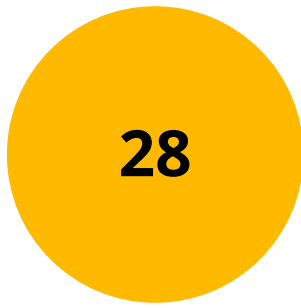
Mitigation Strategies Are Already in Motion - Organizations are actively attempting to mitigate the impacts of funding uncertainty. Common strategies include:

- Engaging boards in scenario planning and revenue diversification
- Prepare rolling cashflow forecasts on a monthly or weekly basis
- Engaging greater support from other funding sources
- Tapping into endowment/investments
- Laying-off employees
- Discontinuing programs/services

"Every minute that has already been spent trying to understand the changes are minutes that are not spent delivering services — even if our funding is ultimately secured, we have been diverted already from focusing on advancing our mission and our support to the most vulnerable in our community. They are frightened; that alone negatively impacts health and wellbeing."

The Sector is Worried About More than Just This Year - While a few respondents noted that they currently receive minimal federal funding or are unaffected in the short term, most organizations expressed deep concern about the months ahead — especially if reimbursements remain delayed or if funding streams are cut altogether.

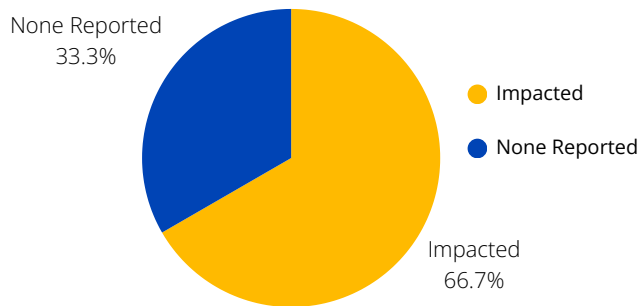
"With federal funding frozen and uncertain for the at least the next four years, many organizations are looking to state and local funding and donors."



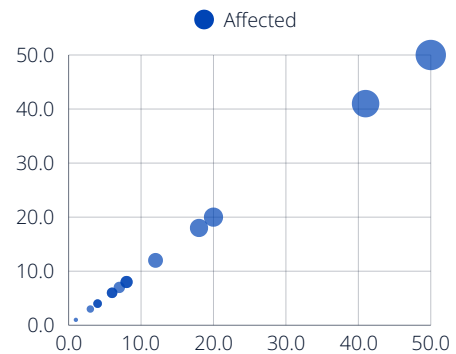
Organizations
Responded

\$706,728,793

in Government Funding at
Mercer County Nonprofits



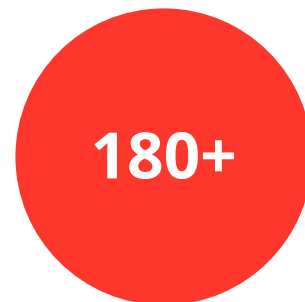
% of Organizations with
Programs/Services Impacted
by Federal Funding Disruptions



Number of Employees
Impacted by Funding Disruptions



in Cumulative Annual
Budget Impact Reported



Nonprofit Employees
Affected by the Federal
Funding Disruptions

The word cloud highlights common themes from the open-ended question about additional concerns.



Recommendations and Conclusion

This survey underscores both the vulnerability and the resilience of nonprofit organizations. We recommend the following actions:

1. *Bridge Support from Philanthropy and Local Government*: Immediate gap funding can help avoid service interruptions and staff layoffs.
2. *Advocacy for Stable Federal Commitments*: Federal partners must hear clearly that delays in reimbursements or appropriations have ripple effects in every community.
3. *Revenue Diversification*: This is also a critical moment to focus on sustainability. Engage your board and work together to understand the current nonprofit landscape. Begin planning for the future and diverse revenue streams.
4. *Strengthen Financial Resilience*: Funders should support operating reserves, multi-year grants, and general operating support to help nonprofits weather funding instability.
5. *Collective Planning and Voice*: Nonprofits can benefit from coordinated planning and joint advocacy during times of systemic risk.

The stakes are high. Our sector and the communities we serve need partners — from government, philanthropy, and beyond — to act with urgency and compassion. Let this report serve as both a reflection of where we are and a call to action for where we must go.



3444 Quakerbridge Rd.
Building 3, Suite 101
Hamilton, NJ 08619



609.896.1912



www.uwgmc.org



@uwgreatermercer