

Testimony of Diane Yentel, President and CEO of the National Council of Nonprofits Before the House Subcommittee on Delivering on Government Efficiency (DOGE) Hearing on "Public Funds, Private Agendas: NGOs Gone Wild" June 4, 2025

Chairwoman Greene, Ranking Member Stansbury, and members of the Subcommittee, thank you for the opportunity to discuss how America's 1.5 million charitable nonprofits serve communities across the country. From small towns to big cities, in every congressional district and state, nonprofit organizations partner with government at all levels to meet essential needs that neither the private sector nor government alone can fully address.

The National Council of Nonprofits is the nation's largest network of nonprofits, with more than 32,000 organizational members through our state and regional associations of nonprofits. The membership of the National Council of Nonprofits reflects the wide spectrum of nonprofit missions and, like the vast majority of charitable organizations, is composed of mostly small-to-midsized entities.

The work of charitable nonprofit organizations ("nonprofits") throughout the United States improves lives, strengthens communities, and bolsters the economy. From hospitals to libraries, churches to food banks, from veterans to school children, and artists to researchers, nonprofits serve rural, suburban, and urban communities throughout America. Nonprofits feed, heal, shelter, and nurture people of every age, gender, race, socioeconomic status and political persuasion. Nonprofits touch and benefit all Americans throughout our lives.

Nonprofits are focused on service to our fellow Americans, stepping in to fill gaps not met by government or other entities alone. Nonprofits show up in times of crisis, providing disaster relief, crisis support, and safety from danger, and meet everyday needs from providing childcare and eldercare, job training, or essential food and shelter. Nonprofits are often the difference between a family eating or going hungry, a senior supported at home or left to fend for themselves, a veteran receiving job placement support or collecting unemployment. Nonprofits represent the best of America: neighbors helping neighbors.

Despite this essential work, nonprofits are under attack by this administration and by some in Congress. Across the country, nonprofits have seen funding for critical programs reduced or eliminated due to arbitrary and unlawful cuts of congressionally-approved spending and reckless federal funding freezes by the Trump administration. Senior members of the administration have used harmful rhetoric to vilify nonprofits as an enemy to be fought. The administration has threatened nonprofits with revoked tax-exempt status, and is pursuing civil and even criminal investigations of nonprofits – not for any



proven wrongdoing, but for work prioritized by local communities that is at odds with the administration's ideology.

The weaponization of the federal government to chill dissent is wrong, whatever party is in control. These retaliatory actions betray American values. In a functioning and healthy democracy, nonprofits must be free to identify and meet local needs without political interference, fear of retribution, or facing punishment for holding a different point of view from those in political power.

NONPROFITS SERVE THE PUBLIC GOOD

The public depends on the nonprofit sector to provide a reliable social safety net and deliver a wide range of other services that are vital to the health and well-being of our citizenry and communities. Nonprofits are local, accountable, and transparent, and they are nonpartisan, by law and in practice.^{vii}.

Nonprofits are:

- Located in every community. Nonprofits are everywhere, serving small towns and major cities like. Nearly two-thirds (62%) of all public nonprofits are headquartered in suburban and rural areas, while the remainder (38%) are in urban centers. VIII
- **Small and Effective.** The majority (59%) of U.S. nonprofits are "very small" with annual budgets less than \$50,000, ix and 92% have budgets of less than \$1 million. X These organizations are lean and frugal, adept at deploying scarce resources effectively and making every dollar count.
- Locally Controlled and Focused on Community Needs. Nonprofits focus on many issues, from health and human services, such as senior centers, daycare, job training, to education and healthcare. Many are faith-based; most are community-focused.

Nonprofits bring countless benefits to the nation, including:

- Maximizing community impact. Nonprofits address local needs with local solutions, reaching people and communities that might otherwise be overlooked. They deliver critical services that strengthen neighborhoods, support families, and improve lives.
- Strengthening civil society. Nonprofits foster volunteerism and leadership at the local level. These are foundational principles that sustain a strong America. Between September 2022 and 2023, more than 75 million people formally volunteered nearly 5 billion hours through an organization, including a charitable nonprofit, contributing an estimated \$167.2 billion in economic value. xi At least 4.2 million people served on a



charitable nonprofit board of directors.xii

Building public trust. Operating with transparency and accountability, nonprofits
maintain public trust, ensuring that resources are directed to where they are needed
most.

Nonprofits are Transparent and Accountable

Nonprofits are financed through a variety of different sources. Many nonprofits earn federal funds to deliver vital services to local communities across the country that are often underserved by federal and state governments alike. These organizations are entrusted with federal resources to help fill the gaps where government support falls short and meet rigorous requirements to ensure these resources are well-spent. You Governments work with nonprofits because these organizations are closest to the community, able to address evolving needs, and adapt their services with a nimbleness that government cannot match.

Nonprofits are transparent and publicly share information about how they operate and their funding sources. When nonprofits receive federal funding for their work, they are subject to meticulous reporting and monitoring requirements for both outcomes and financial spending, which further ensures accountability and transparency.**

The Federal Funding Accountability and Transparency Act of 2006 created government-wide reporting procedures for organizations receiving federal funding. This law requires such organizations to disclose to the public key information, including the organization's name, amount of the grant, funding agency, and location, among other requirements. In addition, grantees are required to fulfill regular reporting to the federal government about their financial data, including expenses paid for with federal funds, compliance information, and project data. Furthermore, nonprofit organizations that spend more than \$1 million of federal funds in a fiscal year are required to have a "Single Audit" – an independent compliance audit that covers the entire organization's financial operations.**

Nonprofits are Nonpartisan

By law and in practice, 501(c)3 nonprofits are nonpartisan. Nonprofits exist to serve the public good, not partisan politics.

Nonprofits engage in public policy education related specifically to their missions, xviiixix but may not and do not use federal funding for lobbying federal policymakers.xx Public policy engagement and understanding is essential for nonprofits to address challenges and ensure their communities' voices are heard in the legislative process. Nonprofits also may promote civic participation in a neutral, nonpartisan manner. Helping citizens understand



the electoral process, ensuring they are informed, and promoting civic engagement are fundamental components of a strong, participatory democracy.

EXISTENTIAL THREATS TO NONPROFITS

Across the country, nonprofits are having their federal funding reduced or eliminated, funds that they and the communities they serve rely on for critical services. **xi There have been repeated**xiii against nonprofits with views that do not align with this Administration – from statements calling for the illegal, unilateral revocation of their tax-exempt status**xiv to attempted takeovers, **xv audits, and investigations**xvi by the federal government. The Administration has targeted its attacks against organizations and institutions with which it disagrees – something that should concern every American.

The breadth and speed of these unnecessary and harmful measures are slowing or stopping the work that some nonprofits perform and are subjecting mission-driven organizations, regardless of viewpoint, to uncertainty and undue burden.

In late January, for example, the Office of Management and Budget (OMB) sought to freeze all federal financial assistance overnight, a reckless and unlawful action that would have had catastrophic consequences for Americans throughout the country.*** This attempt to shut down critical services – from pausing research on cures for childhood cancer, to halting food assistance, preventing safety for domestic violence survivors and shutting down suicide hotlines – put people's lives and safety at risk, and threatened to disrupt services from childcare and eldercare to food security and health programs.

The National Council of Nonprofits, together with the American Public Health Association, Main Street Alliance, and SAGE, and represented by Democracy Forward Foundation, promptly filed landmark litigation to block the effort. On February 25, 2025, the U.S. District Court for the District of Columbia granted a preliminary injunction of the OMB's freeze on federal grant disbursements. While the case moves through the courts, nonprofits across the country can continue to do their essential work.

The Trump administration separately froze funding from the congressionally-approved Inflation Reduction Act (IRA) and the bipartisan Infrastructure Investment and Jobs Act (IIJA), XXXX known also as the Bipartisan Infrastructure Law—critical investments that help communities prepare for extreme weather, support clean water and land stewardship, improve infrastructure, and protect their citizens' health. The freeze—announced through President Trump's "Unleashing American Energy" executive order and implemented by agencies including OMB, the Environmental Protection Agency, and the U.S. Departments of Agriculture, Housing and Urban Development, Energy, and the Interior—put vital community projects in limbo, hurting public lands, clean energy initiatives, and local economies and communities. The National Council of Nonprofits, alongside several other



nonprofits and again represented by Democracy Forward Foundation, filed litigation challenging these actions.*** The court ordered a preliminary injunction to allow nonprofit organizations to continue their important work while the case is pending.****

The administration has also terminated federal contracts, xxxiii rescinded federal grants, xxxiv and refused to allocate congressionally approved funding, xxxv choking off needed funding for the vital work of nonprofits in all of our communities.

More recently, President Trump has threatened to revoke the tax-exempt status of nonprofits he disagrees with, xxxvi and he attempted to deploy Department of Government Efficiency (DOGE) staff at an independent nonprofit organization that previously received federal funding, an egregious overreach and chilling precedent. These actions are not about government efficiency, nor reform - it is censorship disguised as accountability.

HARM TO COMMUNITIES

These actions are harming Americans in neighborhoods across the nation. Food banks across the country — already struggling with high levels of need — are serving fewer meals to Americans due to spending cuts. Nonprofit health clinics have closed, leaving citizens without access to potentially lifesaving care. Nonprofits focused on violence and crime prevention have seen their budgets disappear, putting a stop to critical work. After-school programs have been cancelled, while school lunch programs are squeezed. These harmful actions have come at a time when many nonprofits are already struggling to meet the increased demand for services that surged to historic levels in recent years and have remained elevated.

Without critical federal resources, nonprofits now have less capacity to respond to disasters, assist veterans, and tutor students. Nonprofits that serve young mothers, help address mental health and substance use, or operate child enrichment programs are now facing funding shortfalls. Across America, the ripple effects of funding freezes, contract terminations, and program cuts are hurting those with the greatest needs.

UNDERMINING DEMOCRACY

Weaponizing the power of government to silence dissent and undermine individual choices threatens democracy. Such actions are counter to the freedoms guaranteed to us in America, including the freedom of association and freedom of speech. These actions set a dangerous precedent that would allow future administrations to attack nonprofits *they* disagree with.



A strong, independent civil society is essential to our democracy; undermining it weakens us all. Every American is threatened when the government uses its power to punish those with different viewpoints, and every person in America should object when an administration or Congress attempt such actions.

THREATS TO NONPROFITS' TAX-EXEMPT STATUS

President Trump has publicly declared that his administration will remove the tax-exempt status of certain institutions, even though the president lacks the legal authority to do so. This unlawful declaration creates a dangerous chilling effect that President Trump may threaten such action against other nonprofit organizations too.

26 U.S. Code section 7217 makes clear it is illegal for the president, vice president, or any employee of the executive office of the president or vice president, to "request, directly or indirectly, any officer or employee of the Internal Revenue Service" to conduct an audit or other investigation of any particular taxpayer.* In fact, the statute states that any person who willfully does so shall be convicted and sentenced to imprisonment of up to 5 years.

While the immediate focus of the Trump administration may appear to be a single academic institution, the implications of such threats and actions reach far beyond campus walls — striking at the very heart of American civil society. If the Trump administration can attempt to silence nonprofit universities today, who will be next? What steps could a subsequent administration take to intimidate institutions with which it disagrees? This is not just an isolated policy; it's an existential threat to civil society.

In recent months, the House of Representatives has sought to advance legislation that would grant unprecedented authority to the Executive Branch to revoke tax-exempt status from charitable nonprofits without due process. The House voted in November 2024 to approve the Stop Terror-Financing and Tax Penalties on American Hostages Act (H.R. 9495) and an earlier version of major tax legislation moving through Congress included a similar provision. After public outcry, federal policymakers removed this harmful provision from the tax reconciliation package. This is important progress, but the public must remain vigilant in ensuring the harmful language is not added back in. While nonprofit organizations unequivocally oppose terrorism in all forms, any enforcement action must be grounded in transparency, evidence, and the rule of law.

CONCLUSION

We must protect the freedom and independence of nonprofits to identify and meet local needs without political interference, without fear of retribution, and without facing punishment for holding a different point of view from those in power. We must ensure that



nonprofits can continue their vital work serving the communities and people that depend on them – people from all walks of life and across the political spectrum. Nonprofits are the backbone of this country, providing critical support to improve communities and save lives. Defending and supporting them should not divide us along political lines - it should unite us as Americans.

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