

MEMORANDUM

To: Vermont Task Force on the Federal Transition

From: Emma Paradis, Manager of Policy and Strategic Initiatives
Martin Hahn, Director

Re: Impacts of Federal Transition on Vermont's Nonprofit Organizations

Date: February 5, 2025

This memo was prepared at the request of Vermont Treasurer's Task Force on the Federal Transition. The goal of the memo is to describe some of the impacts of recent federal actions on the operations of Vermont's nonprofits. It is important to note that this is a snapshot, a point-in-time report, and that federal funding and policy is changing in real time; we apologize if this results in any omissions or misstatements, and we ask that you provide corrections.

The Task Force has asked Common Good Vermont to provide updates on this report. If your nonprofit organization is impacted by changes in federal funding and policy, we would like to hear from you. Please report not only on direct impacts (i.e., we cannot log into a portal to request disbursement of a grant), but also opportunity costs (we are postponing filling a new position given an uncertain environment). You can email your update to info@commongoodvt.org or submit through the [National Council of Nonprofits portal](#) – we would like to hear from you!

Summary of what we have learned:

- Federal Funding Freeze Temporary Restraining Orders
 - On Monday February 3, 2025, a federal judge from the DC District Court granted another Temporary Restraining Order against the Administration's ability to halt federal grants and loans. This decision was based on the suit filed by Democracy Forward on behalf of the National Council of Nonprofits, the American Public Health Association, Main Street Alliance, and SAGE.
 - This is following the TRO issued by the Rhode Island District Court on January 31, 2025 coming out of a suit filed by 22 states that prohibited funding being halted in relation to the OMB memo or executive orders.
- Insights and Uncertainty
 - These decisions provide temporary relief to nonprofits; however, much uncertainty remains, and the Administration does not seem to be abiding by the orders as demonstrated by the recent shut down of USAID and reports of Head Start programs still being unable to access funds. HUD portals were also slow to reopen, but we've heard that eLOCCS is now up and running.

- Additionally, EPA funds (including programs through the Bipartisan Infrastructure Law, Infrastructure Investment and Jobs Act, and the Inflation Reduction Act) [were also reported to be halted](#) after the TROs were issued, though some may have resumed payments at this time. Vermont environmental and river organizations report more than \$10 million in BIL grants and other federal funds were and may remain to be frozen.
- While many funds that were frozen have been released at this time, this could quickly change depending on the outcomes of pending lawsuits, congressional action, or unpredictable moves by the Administration. Many organizations are funded by [federal programs that are under scrutiny](#) and either were impacted by the funding freeze or may be impacted in the future. This makes planning, hiring, and advancing projects challenging and risky.
- Organizations are not just concerned about the loss of federal funding they receive, but also the impact of federal policy changes on state funding and our communities. Many have State grants and contracts they rely on as well, which may also be at risk with additional budget pressures.
- Recent federal budget proposals aim to shift costs to states targeting health care, education, and food assistance, which also means some organizations may see an increase in demand for their services.
- Much of the funding organizations receive is reimbursable, meaning that organizations must cover costs up front and then be reimbursed. If funds are frozen or cut, organizations not only lose future funds, but also those already expended.
- Nonprofits with Federal Funding
 - To give a sense of the scale of possible impacts, for Vermont nonprofits who participated in Common Good Vermont's 2024 Nonprofit Wages & Benefits Survey, 53% report receiving federal funding, and 72% receive state funding. For those with federal funding, federal funds account for as much as 99% of their budget, and 27% on average.

Who We Heard From:

- Sources of Information
 - 45 form submissions [through this portal](#) at the National Council of Nonprofits
 - Direct emails
 - News stories
- Types of Organizations/Programs Impacted or Potentially Impacted

<ul style="list-style-type: none"> ○ 10 Environmental ○ 4 Health Services ○ 4 Housing/Homelessness ○ 3 Arts/Culture ○ 5 Immigration/Refugee ○ 10 Youth/Families 	<ul style="list-style-type: none"> ○ 5 Community/Economic Development ○ 5 Criminal Justice/Victim Services ○ 1 Food Security
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Funding Impact:

Of the 45 organizations responding to the online form, 22 reported that they received confirmation that their funding would be impacted by the freeze; 12 were unsure; 11 were still encountering issues as of 1/30/25.

While not all organizations disclosed specifics around their funding, and it is unknown what funding has been restored at this time, here are examples of issues reported:

- **Little Rivers Health Care, Inc.**, a Federally Qualified Health Center (FQHC) serving over 10,000 Vermonters in Orange County through four clinics, services based in eight Vermont schools, and comprehensive outreach programs, was unable to access their FQHC operational grant through the Health Resources and Services Administration (HRSA), jeopardizing payroll operations.
- The **Community Health Centers of Burlington** were also unable to access the site they draw funds from. As an FQHC, they receive \$3.5 million “330 grant” every year and draw down roughly \$300,000 every month. The hold on funding has since been rescinded and they’ve been able to request the funds but are still waiting on the administration to give permission to release them. CHC currently has 55 days cash on hand and without the 330 grant funding, the organization is in a highly vulnerable position. They additionally have a \$3 million CDS award that was approved, but the future of CDS funding is uncertain. The entire redevelopment project will increase the building’s space by more than 50% to support the expansion of multiple social service and nonprofit tenants (including CHC) and add to the array of services available to our state’s most diverse city, while ensuring long-term sustainability of the property.
- The **Vermont Association of Conservation Districts** has reported that active grants containing IRA funds being frozen (which support several staff/contracted positions), as well as Bipartisan Infrastructure Law funds through the Lake Champlain Basin Program (LCBP). Grantees have received “stop work” orders from the New England Interstate Water Pollution Control Commission, who is the funder for these LCBP grants. They are still uncertain about the status of other EPA funds.
- **Vermont Family Network** reports that the funding freeze has had a devastating impact on Vermont families caring for children with special health needs. While federal funds were frozen, they were unable to provide medical equipment to families in need.
- **Vermont Works for Women** had their \$398,019 Women in Apprenticeship and Nontraditional Occupations (WANTO) grant that funds their Trailblazers program frozen, though they are now able to access funds for now after the TRO was issued.
- **Northeast Kingdom Community Action** was unable to access Head Start funds.
- **Connecting Cultures/New England Survivors of Torture and Trauma** serves refugees, immigrants, asylum seekers, and survivors of torture. They were unable to access funds for a day but anticipate the loss of funds in the long term due to the populations they serve.
- An organization received specific instructions that the National Association of States Department of Agriculture (USDA) was unable to process invoices due to the freeze. \$5,210 remain on grant contract and federal funds (approximately \$800,000 in total) account for about 31% of their total revenue.

- Another essential service provider primarily funded by state and federal funds was unable to access eLOCCS and PMS for a period of time.
- As of 2/4/25, an organization reports that a Northern Borders Regional Commission Catalyst grant continues to be delayed.
- An organization with a BIL funded project has expended almost \$150,000 of their reimbursement grant, but the funding freeze (still in effect as of 2/4/25) means that they cannot get reimbursed not only for remaining project costs, but also those already paid for out of pocket.
- In some cases, anticipated or potential funding has been impacted:
 - One organization was planning to apply for an EPA pass-through opportunity to continue work on two major USDA initiatives that are winding down, but this looks to be disrupted now.
 - An organization with a signed grant agreement for a preservation project was unable to access funds for the 2-year project that was about to start and for which they had fundraised match funds for.
 - An organization reports that one of their partners on a federal grant has said that they will not be signing new grants until there is clarity around the funding freeze, so their portion of the food access grant is now on hold.

Jobs:

- **Ethiopian Community Development Council** has already laid off 9 employees due to executive order halting refugee resettlement programs.
- **Northeast Kingdom Community Action** was unable to make payroll for its employees and cannot pay the lease on properties its rents due to not being able to access Head Start funding.
- **KidSafe Collaborative** has paused the hiring process for new position due to uncertainty.
- **Poultney Mettowee NRCD** reports organizational support funding for their plant nursery has been halted, which provides jobs in Poultney.
- Anonymous:
 - An environmental organization will not be able to hire for a new position due to the funding freeze and uncertainty.
 - One organization is delaying hiring for a position they fundraised for over two years as it is no longer clear if federal funding will come through.
 - Uncertainty around funding is causing anxiety for employers and employees alike. Without federal funds, many organizations anticipate layoffs.
 - An organization recently received federal funds that cover two staff positions and accounts for 50% of their budget. They will have to lay off one staff person if funds are lost.
 - A position supporting victims of domestic violence will be paused if funds remain frozen. This organization reported issues accessing funding as of 1/31/25.
 - A youth mentorship organization was applying for an OJJDP grant but has now deprioritized this to pursue expansion opportunities outside the state.
 - Common Good has not heard directly from organizations that access funding through USAID, but it is safe to assume that they are substantially impacted.

Preliminary Recommendations:

- Establish a line of credit through VEDA or similar institution. Funds would be made available for organizations with an executed contract, either through the SOV or a federal agency, that has incurred costs but is blocked from receiving payments due to federal action.
- Convene a meeting with the Task Force for nonprofit leadership to hear directly about your work. Common Good Vermont can assist with organizing this meeting.
- Encourage State agencies and departments to continue working collaboratively with grantees and contractors to keep them informed of any potential or known changes to their funding, as well as process payments in a timely manner to minimize cash flow challenges
- Promote data gathering through the [National Council of Nonprofits portal](#).