

# Government Budgets & The Nonprofit Sector In An Age of Chaos: Part One

06.09.25 | Linda J. Rosenthal, JD



A few days after the November 2024 election, Geoff Green, the head of the California Association of Nonprofits (CalNonprofits) made his first public comments: “What we know is this: much of our work just became simultaneously more difficult and more important than ever.”

Now, seven months later, the headlines blare: [\*Trump preparing large-scale cancellation of federal funding for California, sources say\*](#) (updated June 6, 2025, 4:18 pm EDT) Annie Grayer et al, [\*cnn.com\*](#); and [\*Gavin Newsom threatens to cut off California’s federal taxes in Trump rebuke\*](#) (June 6, 2025) Anabel Sosa, [\*sfgate.com\*](#) [“Californians pay the bills for the federal government....We pay over \$80 BILLION more in taxes than we get back. Maybe it’s time to cut that off....”]

But not even such an explosive development as that in the ongoing budget drama between Washington, D.C. and the states remained the lead news story over the weekend. After all, in connection with possible protest activities against federal immigration raids in Los Angeles, the president had called out the California National Guard over the vehement objections of the governor. That hasn’t happened in 65 years!

So, early this Monday morning as the Golden State prepares to open for another week, we turn back to the critical but volatile topics we’ve been discussing for many weeks now: the federal budget battle and the California financial decision-making process for FY 2025-26. These governmental negotiations have a significant impact on many Americans.



For most of the nation's 501(c)(3) organizations, these money matters are critical to their ability to fulfill their charitable missions.

### *A Legacy of Burnout*

Not having enough money has long been the reality for charitable nonprofits. It takes an enormous toll on everyone connected with these organizations that voluntarily undertake to fulfill many of the obligations of federal, state, and local governments.

Burnout plagued our sector and was growing dangerously before the world was hit with the most existential crisis of the last hundred years: the COVID-19 pandemic.

However, even in the early days of the disease spread, when the world was shut down tight, there was a surprising – almost shocking – outpouring of bipartisan financial support from the government to help mitigate the financial blows. We were “all in the same boat,” and needed to help one another.

Quickly that warm and fuzzy feeling was overtaken by a huge wave of frigid water; we were certainly “all on the same ocean,” but we were *not* in the same boat. Some folks were in luxurious yachts; others were in leaky sailboats.

But at least we were all rowing in the same direction.

Burnout did not disappear. It continued and grew even as conditions eased a bit. By the spring of 2023, the acute phases of the COVID-19 catastrophe were waning, replaced by a sense of some normalcy. But nonprofit leaders and mental health experts noticed something alarming: the lingering effects of stress and burnout, long-term and chronic.

At that time, Tim Delaney, (then) CEO of the National Council of Nonprofits said: “The nonprofit sector has been roasted on the outside ...” like a “hard pretzel rod on the verge of snapping in half.”

“Burnout” was already a “five-alarm worry” in 2023, and not going away. “...[N]onprofit leaders overwhelmingly express concern about burnout – both for themselves and their staff ...” See [\*This Year's State of Nonprofits Highlights Mounting Concern About Burnout\*](#) (May 29, 2024).

In the six weeks before the November 2024 election, we ran an updated series on this point:

- [\*Burnout is Still the Story for Nonprofits in 2024\*](#) (September 16, 2024)
- [\*Another Long Hot Summer of Burnout\*](#) (September 27, 2024)
- [\*Nonprofit Burnout Crisis: Innovative Remedies Needed\*](#) (November 3, 2024)

In the third post – two days before the election, with an outcome for the presidency and for both chambers of Congress unclear – we described the intriguing findings of Dr. Jemma King, a psychology research fellow at the University of Queensland.

In [\*Supporting resilience and preventing burnout in nonprofits\*](#) (April 11, 2023) Social Sector Insights, [\*mckinsey.com\*](#), Dr. King “skillfully explained what’s ‘more concerning’ to her than the sky-high levels of burnout reported by nonprofit leaders. It’s how many respondents indicated they’ve ‘felt like this for extended periods of time – many months on end.’”



"[T]ime spent at or near burnout" is analogous to "...the problem of deep-sea divers. "We know when divers spend time at depth, it is a matter of science that they must spend a predetermined amount of time in a decompression chamber to avoid the bends.... " For deep-sea divers, there are 'protocols' that cannot be skipped or ignored."

We've all needed a decompression chamber.

That has not happened

### ***Sinking ... Deeper***

We're very much back out in the ocean. The yacht-owners have even fancier vessels. More of us are now, or may soon be, in the opposite of luxurious situations.

And this time, we – as a nation – are decidedly *not* rowing in the same direction.

This factor – alone – is deeply disheartening in a way that many of us are struggling to overcome.

In late November 2024, the folks at CalNonprofits advised that "the necessary focus and 'central strategy' for the days, weeks, and months ahead ... is 'advocacy and policy work.' That's because nonprofit organizations 'are leaders in protecting and providing for our most vulnerable neighbors, caring for our environment, mobilizing communities, and envisioning a better future for all.'" See [\*Nonprofits, The Election, and Burnout on Steroids\*](#) (November 11, 2024) *FPLG Blog*.

"Advocacy work will no doubt be critical," they explained, but cautioned that it will be time-consuming and nerve-wracking. "The expected additional stress and strain in the nonprofit sector will require extraordinary and special measures."

What are those "extraordinary and special measures"?

Few people have the answers right now. At the very least, though, it's axiomatic that you don't go off into battle without armor or ammunition.

### ***Conclusion***

Many Americans don't have a clue how money from the federal, state, and local treasuries gets pried loose.

There's good information out there, though. Perhaps start with a few selections like these below, all from the California Budget & Policy Center:

- [\*First Look: Understanding the Governor's 2025-26 May Revision\*](#) (May 2025) [calbudgetcenter.org](http://calbudgetcenter.org)
- [\*California at Risk: Proposed Federal Funding Cuts Jeopardize Key Services\*](#) (February 2025) Scott Graves *et al*, [calbudgetcenter.org](http://calbudgetcenter.org)
- [\*How Federal Cuts to Medicaid Could Impact Californians in Every Congressional District\*](#) (May 2025) Adriana Ramos-Yamamoto, [calbudgetcenter.org](http://calbudgetcenter.org)
- [\*Human Impact: Federal Proposals Would Cause Widespread Harm\*](#) (June 2025) Nishi Nair & Laura Pryor, [calbudgetcenter.org](http://calbudgetcenter.org)



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