

NONPROFIT PULSE REPORT

Federal Impacts and Beyond in
San Mateo and Santa Clara Counties

MARCH
2026





| Photo courtesy of CuriOdyssey

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INTRODUCTION

Welcome to our two-county **Regional Nonprofit Federal Impact Report (2026)**, focused on how recent federal policy and funding shifts are reshaping the nonprofit landscape in **San Mateo** and **Santa Clara Counties**.

This report is a joint effort of **Silicon Valley Council of Nonprofits (SVCN)** and **Thrive Alliance**, two nonprofit advocacy associations that unite the sector's voice, advance racial equity, and build and center community voice within the nonprofit sector and local government—while advocating for policies and investments that meet critical community needs. You can learn more about SVCN and Thrive Alliance at the end of this report and on our websites.

We produced this report to support our nonprofit community and its partners with a clear picture of how the sector is responding to—and being transformed by—changes in the federal environment. Like our 2023 report, this is a **snapshot** drawn from multiple sources: a countywide survey of nonprofit leaders and comments from organizations across subsectors, budget sizes, and geographies. New for 2026, we integrate **federal funding** analysis (direct and pass-through awards) and a pulse survey on the **operational effects of federal executive actions**.

From these vantage points—organizational health, workforce capacity, racial equity (REDI), financing, and collaboration—we see several priorities for investment and action. We invite readers to view the findings with a **future-focused** lens and consider:

- **Equity & Community:** How can nonprofits continue to center racial equity, justice, and community voice while navigating policy volatility?
- **Workforce & Capacity:** How can philanthropy and government structure investments to stabilize staffing, strengthen leadership pipelines, and support organizational wellness?
- **Government Partnerships:** How can local governments deepen partnerships with nonprofits to sustain essential services when federal dollars shift or decline?
- **Creative & Collaborative Solutions:** How can investments in shared infrastructure, creative solutions, collaborative models, and intermediary support enable nonprofits to operate more effectively under ongoing fiscal pressure?
- **Financial Resilience:** What tools—bridge funding, reserves, and diversified revenue—best help organizations weather federal funding changes?

The 2025 survey captured real-time effects on finances, staffing, equity work, and service delivery, and it provides the first comprehensive view of how national policy changes are affecting nonprofits in our region. Findings will be shared with policymakers, funders, and community partners—and **tracked over time** to ensure nonprofit voices inform decisions that shape our communities.

Looking Ahead: Ongoing Data and Monitoring

This report represents a point-in-time snapshot based primarily on self-reported survey data and 1:1 interviews with nonprofit leaders, supplemented by available federal funding analysis. As part of this work, SVCN and Thrive Alliance will continue to analyze and **refresh IRS Form 990 data** to track changes in nonprofit financial health, staffing, and revenue composition over time.

In addition, we are looking at federal data sources and seeking greater transparency from local governments regarding **federal pass-through funding**, including award amounts, timelines, and programmatic changes. Access to consistent pass-through data will be critical to understanding how federal funding shifts are experienced locally and how impacts vary across jurisdictions and service areas. We intend to incorporate these data into future updates to complement survey findings and provide a more complete, longitudinal picture of federal impacts on nonprofits. **Readers should stay tuned for forthcoming analyses as these data become available.**

In community,
The SVCN and Thrive Alliance teams



EXECUTIVE SUMMARY

Nonprofits in San Mateo and Santa Clara Counties are currently navigating a volatile operating environment shaped by federal policy shifts, tightening public dollars, and rising community needs. This two-county **Nonprofit Pulse Report: Federal Impacts and Beyond in San Mateo and Santa Clara Counties (March 2026)** presents the findings of a point-in-time pulse survey of 160 nonprofit leaders to provide a timely, practical picture of what's changing—and how organizations are responding. **The findings are clear:** fiscal conditions have worsened, demand is outpacing capacity, and administrative friction is growing—and many nonprofits are preparing for additional significant, highly likely funding and compliance shocks that have not yet landed. Yet the sector continues to demonstrate meaningful resilience—deepening collaboration, testing shared-services strategies and new efficiencies, and centering equity and community voice even as buffers thin.

What's Changing

- **Funding headwinds:** Federal grants and contracts declined year over year, with pronounced drops in ARPA tail-offs and several core safety-net lines. Pass-throughs via state and local governments softened some impacts but introduced delays and added reporting burden. Nearly four in ten organizations have already faced barriers accessing promised federal funds; another quarter anticipate challenges ahead.
- **Weaker fiscal footing:** Fewer than one in ten nonprofits report improved net revenue over last fiscal year; more than four in ten report declines. These patterns hold across funding models, suggesting broader macro conditions—rather than isolated line-item cuts—are driving strain.
- **Operational pressure from executive actions:** Federal executive orders and immigration enforcement activity are reshaping day-to-day operations (safety planning, messaging, program design) for organizations with and without federal dollars. ICE activity generated the highest rates of significant direct impact.
- **Workforce stress and capacity limits:** Burnout, below-market pay, and hiring challenges are widespread. Even where organizations are expanding services, capacity gains are not keeping pace with elevated community needs.

Nonprofits are Responding

- **Adaptation over retrenchment:** Most organizations have avoided the most severe corrective actions to date. Instead, leaders are diversifying fundraising, restructuring programs, delaying hires, drawing on reserves, and updating legal/communications protocols to stay responsive.
- **Collaboration is rising:** Willingness to engage in joint ventures, shared administration, pooled purchasing, and co-designed service delivery has grown markedly since 2023. A strong majority report feeling supported by the broader nonprofit community, even when philanthropic backfill has been limited.
- **Equity work at the front line:** Organizations further along in racial equity and inclusion (REDI)—and those with high BIPOC staff representation—report greater direct exposure to federal shifts, devote more time to response, and face sharper fiscal strain. These are also the organizations most embedded in—and trusted by—impacted communities.

What This Means for 2026

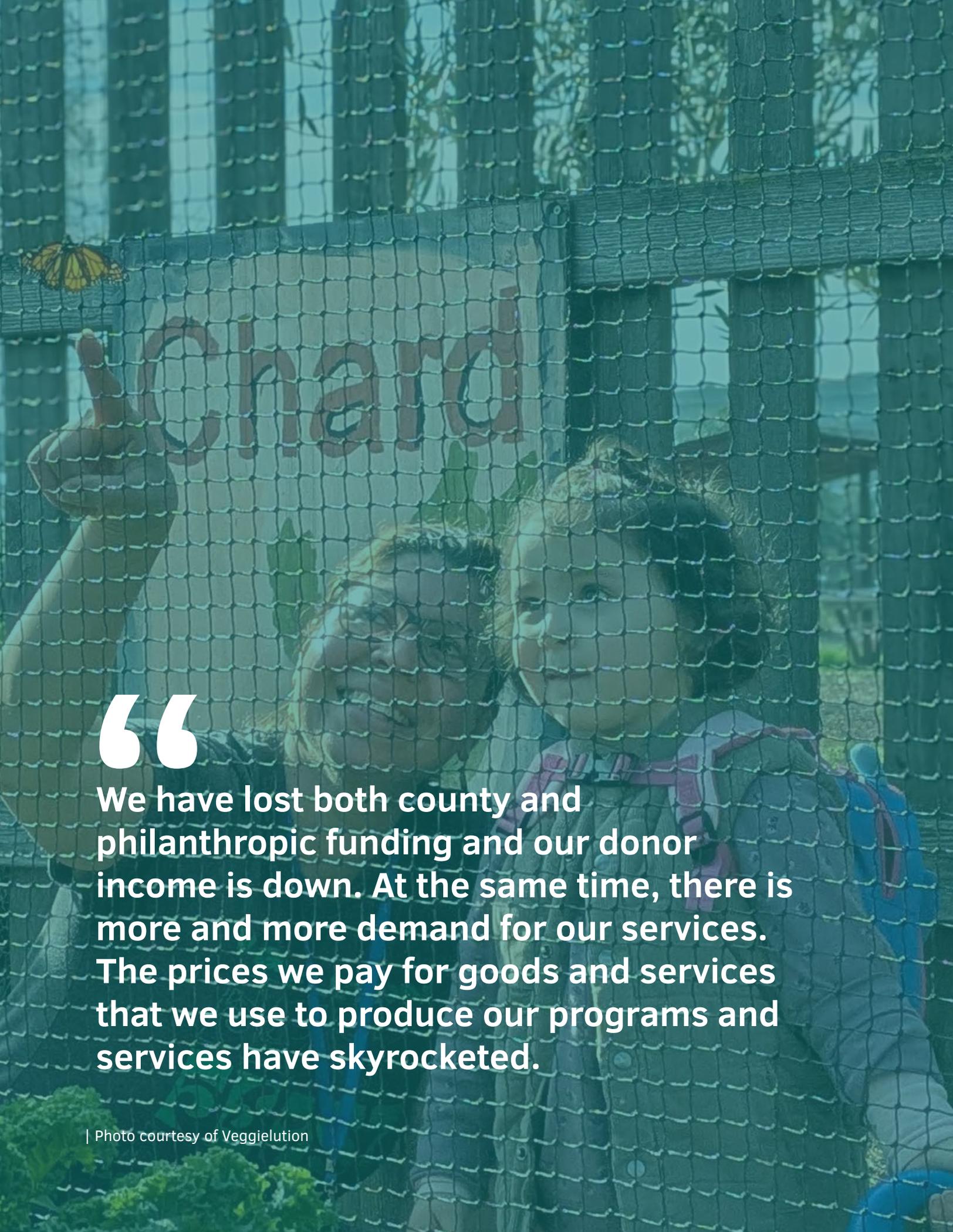
The region's nonprofit ecosystem is **absorbing simultaneous shocks:** declining or delayed federal dollars, rising demand, and heightened administrative/legal complexity. Without more flexible public and philanthropic revenue (and/or working capital) and streamlined public-sector processes, organizations will increasingly divert staff time and resources from serving residents—especially immigrant, low-income, and mixed-status households. At the same time, the sector's **collaborative muscle is strengthening**, creating near-term opportunities for shared infrastructure, joint procurement, and coalition-based service delivery that protect effectiveness and capacity.

What Nonprofits Say They Need Now

Respondents identified six priority actions for funders and policymakers. Taken together, these priorities reflect both immediate stabilization needs and longer-term investments in systems, infrastructure, and power required to navigate sustained federal volatility.

- 1 Provide flexible, multi-year, unrestricted funding.** Resource core operations, higher overhead, bridge support, and rapid-response funds to stabilize staffing, sustain services, and allow organizations to adapt amid ongoing uncertainty.
- 2 Reduce administrative barriers and speed payments.** Streamline reporting, fix reimbursement delays, and adopt trust-based approaches that lower compliance costs. Align processes, timelines, and expectations across departments and agencies—particularly within the same jurisdiction—so nonprofits funded by multiple departments are not navigating conflicting rules, duplicative reporting, or inconsistent contract management practices.
- 3 Elevate nonprofit and community voice in policy.** Center lived experience and include grassroots and frontline leaders early in policy development and service design, and embed participatory processes at state and local levels to ensure policies and services are responsive, equitable, and workable in practice.
- 4 Protect vulnerable communities and the sector.** Maintain or strengthen protections for communities that have been historically and structurally disenfranchised and targeted and mitigate federal-level harms through state and local policy, funding, and enforcement discretion.
- 5 Mobilize and coordinate philanthropy.** Pool funds, unlock donor-advised funds, support coalitions and shared services, and invest in intermediary capacity—including conveners, coordinators, trainers, and technical-assistance providers. Fund the infrastructure that enables voluntary coordination, brokers joint services, disseminates best practices, and helps nonprofits identify efficiencies and creative, collaborative approaches to doing more with constrained resources.
- 6 Invest in long-term nonprofit and community power-building.** In addition to supporting critically-needed community services, support advocacy, civic engagement, leadership development, narrative change, and community-led organizing so nonprofits and residents can shape policies that affect their lives.

Bottom line: The sector is under strain but far from brittle. With flexible capital, streamlined government partnerships, and support for shared infrastructure, nonprofits can sustain essential services, uphold equity commitments, and meet rising needs across San Mateo and Santa Clara Counties.



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We have lost both county and philanthropic funding and our donor income is down. At the same time, there is more and more demand for our services. The prices we pay for goods and services that we use to produce our programs and services have skyrocketed.

SURVEY OVERVIEW

Methodology

In September 2025, SVCN and Thrive Alliance launched the joint Nonprofit Landscape Survey: Federal Impacts on San Mateo and Santa Clara Counties, an effort to better understand how recent shifts in federal policy and funding are impacting nonprofits across Santa Clara and San Mateo Counties. This survey was designed to capture the real-time challenges, opportunities, and adaptations shaping our sector, from financial health and staffing to policy responses and racial equity engagement.

The survey was administered over a four-week period and we collected responses between September 15 and October 7, 2025. It was distributed to executive and senior nonprofit leaders across both counties and designed to capture real-time organizational experiences related to:

- Federal funding exposure and changes (direct and pass-through)
- Workforce and financial health
- Progress toward racial equity objectives and participation in racial equity learning programs
- Policy and funding shift adaptations
- Collaboration, advocacy, and resilience strategies

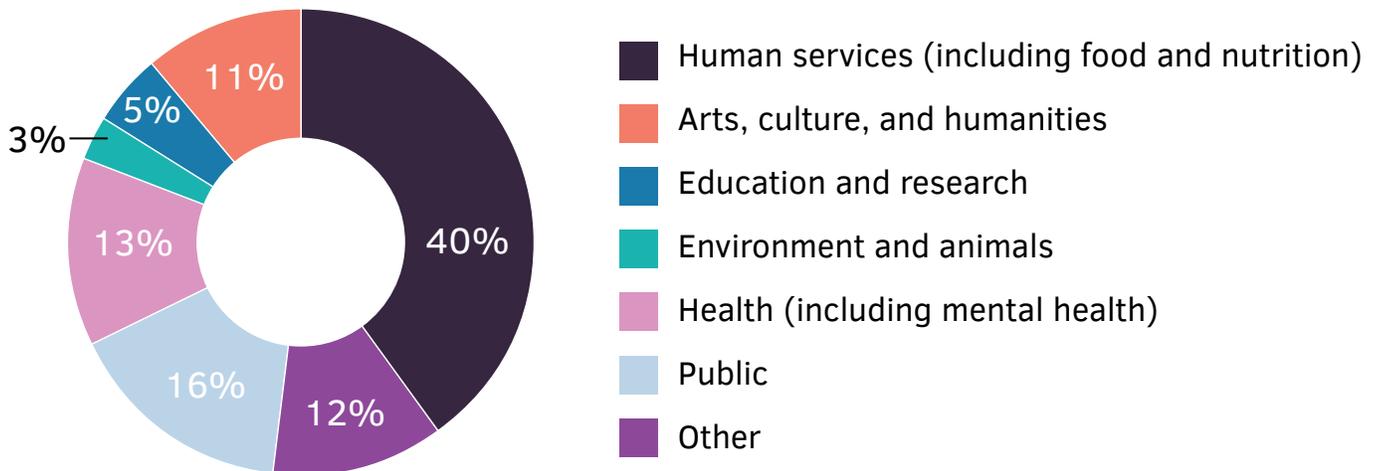
Respondent Profile and Context

Survey responses were provided primarily by organizational leaders with decision-making authority. The majority of respondents identified as CEOs, Executive Directors, or senior management, consistent with the survey's focus on organizational finances, staffing, compliance, and strategic response.

Responding organizations reflected a wide range of engagement with racial equity, diversity, inclusion, and engagement (REDI) practices. Twenty-two percent of respondents reported leading fully institutionalized commitments to racial equity, diversity, and inclusion—both internally and externally. An additional 35% reported being well on their way in advancing REDI work. Most remaining organizations indicated active engagement at earlier stages, with only a small minority reporting limited or no engagement. Taken together, these results show that a substantial majority of responding nonprofits are deeply and intentionally engaged in advancing racial equity, providing a strong foundation for examining how federal policy shifts affect organizations differently based on equity commitments and community proximity.

Respondent demographic characteristics provide additional context for interpreting findings. Most respondents identified as female, and nearly half identified as white—patterns that reflect broader leadership demographics within the nonprofit sector. These data are included to support transparency and contextual understanding rather than as outcome findings.

Nonprofit Respondents by Sector



Responses were collected from leaders of 164 nonprofit organizations based in Santa Clara and San Mateo Counties, representing all nine nonprofit subsectors. The largest share of respondents came from human services organizations, reflecting the sector’s frontline role in meeting community needs. Substantial representation also came from public and societal benefit, health, and arts and culture organizations, alongside education, environmental, and other nonprofit subsectors—demonstrating broad participation across the regional nonprofit ecosystem.

Responding organizations spanned a wide range of sizes. Small and mid-sized nonprofits were most common, with a majority employing fewer than 25 staff, while a meaningful share of larger organizations—those with 50 or more employees—also participated. Annual budgets likewise reflected this diversity, ranging from under \$100,000 to more than \$25 million, with the largest proportion of respondents operating organizations with budgets between \$1 million and \$5.9 million.

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Many of our community members are too fearful to obtain services or continue their services but this is not a decrease in demand, per se. Our programs are reduced as a direct result of this culture of fear we are all living in currently.

FEDERAL EXECUTIVE ACTIONS & NONPROFIT IMPACT

The first series of questions sought to assess the impact of federal executive actions and congressional legislation—including executive orders, presidential memoranda, proclamations, and agency regulations or guidance—on nonprofits in San Mateo and Santa Clara Counties. These questions were posed to nonprofits receiving federal funding (both directly and via pass-throughs) as well as nonprofits that reported no federal funding.

Summary of Key Trends

Across San Mateo and Santa Clara Counties, nonprofits report that recent federal executive actions are reshaping their operating conditions in meaningful and measurable ways. These impacts extend beyond organizations that receive federal dollars and are being experienced by nonprofits regardless of funding source, service area, or county location.

- **Executive actions are driving broad, sector-wide disruption rather than limited compliance burdens:** Nonprofits without federal funding often reported equal or greater direct impact than those with federal funding, particularly related to Executive Orders (76.5% significant direct impact among non-federally funded organizations). This indicates that the effects of recent federal actions are showing up through program delivery, community behavior, risk posture, safety planning, and messaging rather than solely through changes in federal grant administration.
- **Impacts are consistent across both counties:** Organizations in Santa Clara and San Mateo Counties reported very similar levels of both significant and moderate impact. The most meaningful predictors appear to be client demographics, policy exposure, and the nature of program work rather than geography or funding source.
- **ICE activity is the most universally disruptive driver:** Across all subgroups, ICE enforcement actions produced the highest share of significant direct impact (over 63%). Fear and withdrawal among community members are altering participation in services, driving some activities to shift online, and increasing the need for legal, safety, and trauma-informed support.
- **Certain mission areas are experiencing more acute vulnerability:** Human services, health, and public benefit organizations consistently reported the highest levels of disruption, reflecting their proximity to immigrant, low-income, and mixed-status families. Education and arts organizations also reported elevated exposure, though more often at moderate rather than severe levels.
- **Overall:** Federal executive actions are creating widespread operational strain across the nonprofit ecosystem. Organizations are absorbing new emotional labor, time burden, and risk without the expectation that donor or philanthropic support will offset the costs of compliance, adaptation, or lost access to funding.



Responder Solidarity Training

...tive project led by ...gea Legal Services, LUNA, Amigos de Guadalupe, CARAS, Catholic ...ities, ...ity of San Jose Office of Immigrant Affairs, ...nsulate and the ...ta Clara County Office of Immigrant Relations.

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Immigration enforcement and how federal agents have conducted themselves have driven fear into the communities we serve as well. It is leading to mistrust of all law enforcement because no one at risk is going to take the time to see if a masked agent is any other law enforcement agency besides ICE.



Most Nonprofits Are Aware of Federal Executive Actions, but Few Feel Supported by Donors

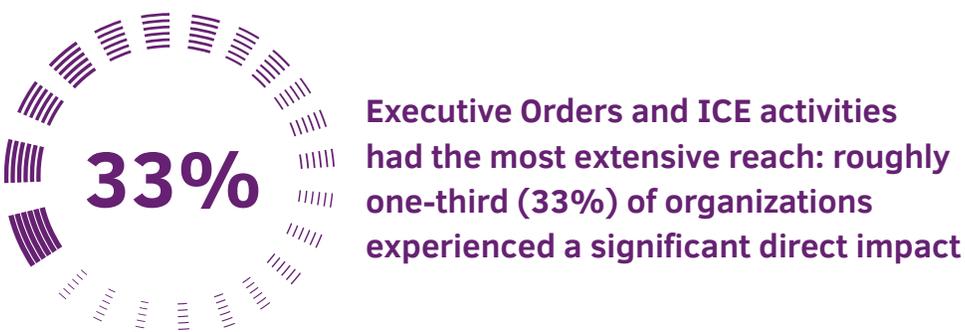
While most nonprofits reported being familiar with federal executive actions that impacted nonprofits (86%), fewer felt prepared for the impact (61%), and only a third felt supported by the donor community (32%) in the wake of federal actions.



The Impact of Federal Executive Action Has Been Widespread and Deeply Felt

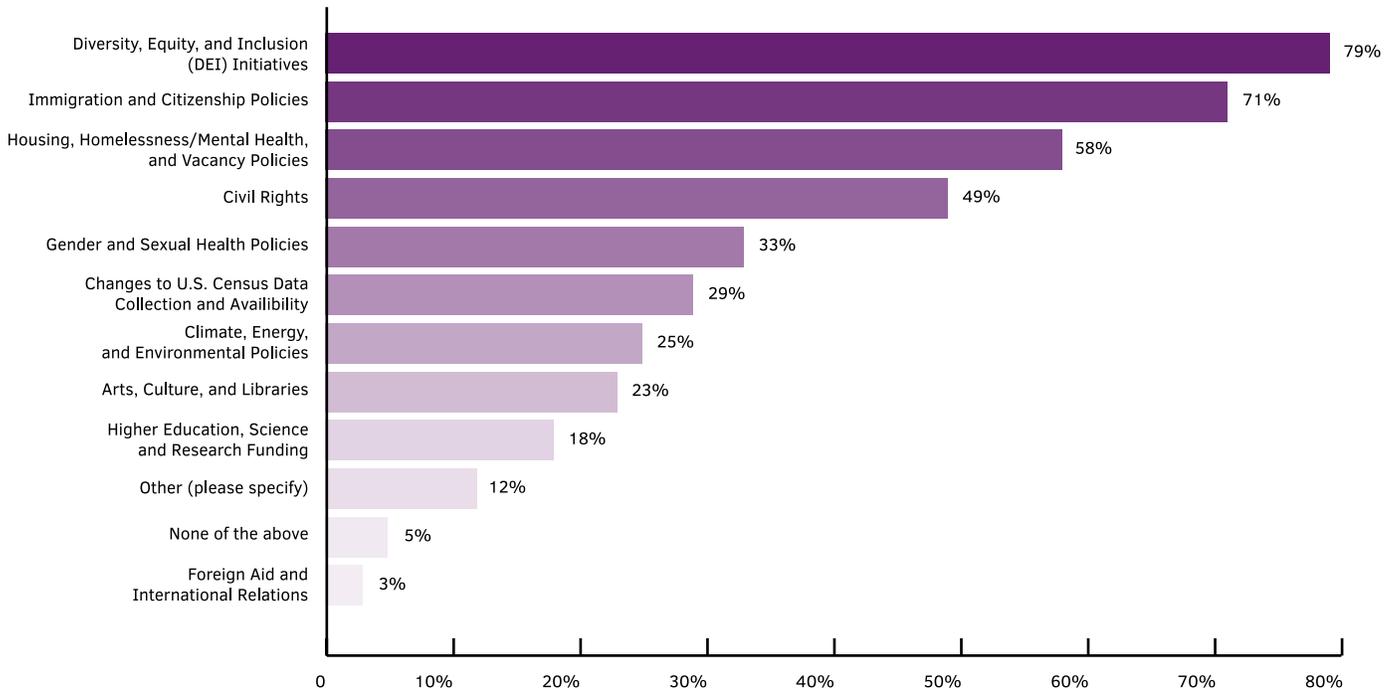
Nearly all responding nonprofits reported being directly affected by at least one form of federal executive action. **Executive Orders** and **ICE activities** had the most extensive reach: roughly **one-third (33%)** of organizations experienced a significant direct impact, with an additional 20–23% reporting a moderate impact. The effects appear consistent across both Santa Clara and San Mateo Counties, regardless of whether organizations receive direct federal funding. This suggests that recent executive actions have had a broad, systemwide influence—reshaping organizational capacity, program priorities, and community engagement alike.

Human services, public/societal benefit, and health organizations reported the strongest significant impacts, often exceeding 60–70%. These groups are on the frontlines of responding to community fear, housing instability, and health access challenges driven by federal actions. Education and research organizations reported somewhat lower rates of significant impact (33%), though half still reported moderate disruption, often linked to compliance and funding uncertainty. Arts, culture, and humanities organizations also showed elevated exposure.



When asked which specific federal actions most directly affect their communities, nonprofits overwhelmingly pointed to DEI restrictions (79%), immigration and citizenship policy (71%), and housing/homelessness/mental health–related executive actions (58%).

Federal Executive Actions Most Impacting Nonprofits



Open-Ended Responses Highlight Widespread Fear & Instability

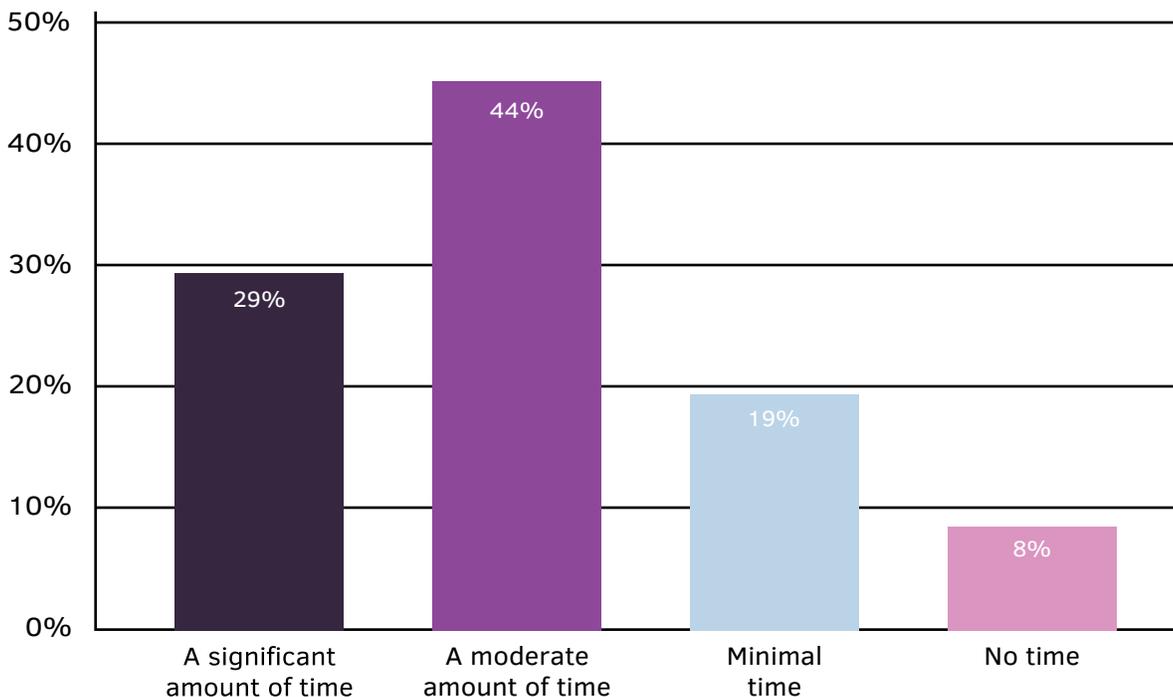
Narrative responses reinforced a climate of acute vulnerability. Respondents most frequently described funding instability (paused/canceled grants, county pass-through cuts) alongside pervasive fear tied to ICE activity, which is depressing participation, shifting events online, and increasing demand for legal/safety support. They reported DEI restrictions forcing language changes, website alterations, or program suspensions, with spillovers into staff morale and organizational capacity (anxiety, burnout, emergency planning). Sector-specific impacts include health coverage churn (Medicaid/Medi-Cal redeterminations), housing and HUD/Fair Housing enforcement retrenchment, and arts/culture grant withdrawals (NEA/NEH/IMLS). A smaller but notable share of respondents also described increased uncertainty tied to federal agency restructuring and shifting guidance, requiring additional staff time for policy monitoring, changes to public communications, and updates to consent, safety, and media-literacy practices.

Community	Organizational	Sector
Fear, withdrawal from services, decreased trust	Funding cuts, program instability, staff stress	Retrenchment of equity work, rising administrative/legal risk

Federal Executive Actions Are Reshaping How Nonprofits Allocate Time, Regardless of Funding Source

Federal executive actions are now a material operational burden for most San Mateo and Santa Clara nonprofits. A majority of nonprofits have had to redirect staff capacity to monitor, respond to, or mitigate the effects of recent executive actions. Over seven in ten (73%) reported spending a moderate or significant amount of time addressing related challenges. Only 8% said they had spent no time at all, suggesting that the ripple effects of federal decisions have become an operational consideration across most organizations.

Time Spent Addressing Federal Executive Actions



Federally funded organizations are more likely to face heavier time burdens, but even non-federally-funded groups are significantly affected. Thirty-four percent of federally-funded nonprofits report devoting a significant amount of time compared to 19.5% of non-federally-funded organizations. However, both groups report similar levels of moderate time burden, indicating that federal actions are creating downstream conditions that affect the entire nonprofit ecosystem and not only those directly receiving federal dollars.

County differences are minimal, but dual-county organizations appear more strained. Organizations operating in both Santa Clara and San Mateo are most likely to report a significant time burden (34.6%). This could reflect larger-scale, more complex programmatic footprints, or higher exposure to multi-jurisdiction risk. Human services, health, and public/societal benefit organizations report the highest share of 'significant time' spent responding, aligning with the populations most directly impacted by ICE, benefit restrictions, and program eliminations. Education/research and arts organizations show lower significant time burden, but higher moderate burden.

FEDERAL FUNDING FLOW & ORGANIZATIONAL FINANCES

The next series of questions sought to gather more up-to-date and specific information about the overall health of Santa Clara and San Mateo nonprofits' financial health, alongside insights into the direct and indirect impact of federal funding cuts and congressional action on nonprofits.

Summary of Key Trends

Across San Mateo and Santa Clara Counties, nonprofits report that federal funding conditions are shifting in ways that are materially weakening financial stability across the region. These effects are not limited to federally funded organizations—the overall nonprofit operating environment is deteriorating regardless of funding source, program type, or county location.

Financial health is declining across the sector: Fewer than one in ten nonprofits report that their financial position has improved since last fiscal year, while more than four in ten say their fiscal health has worsened. Notably, nonprofits without federal dollars are reporting similar declines as those with federal funding exposure, indicating that national fiscal conditions—rather than isolated program line cuts—are shaping the regional nonprofit financial landscape.

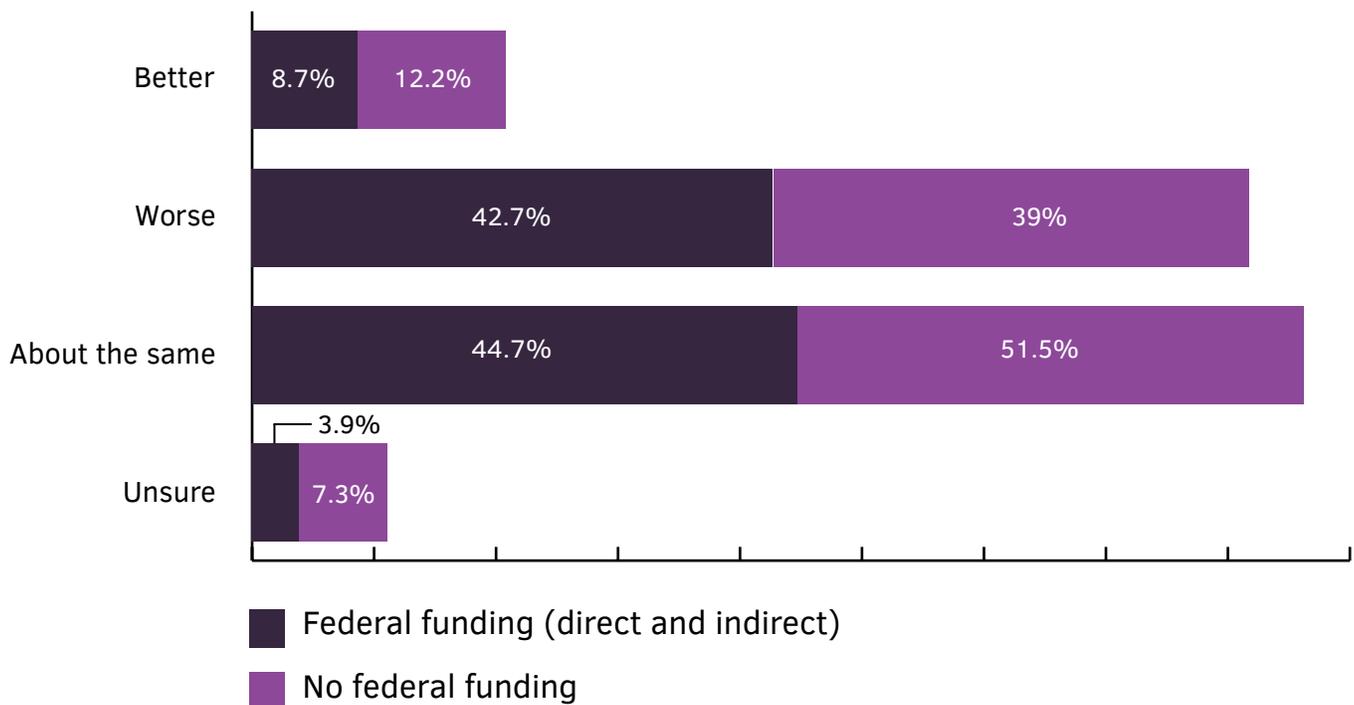
- **Federal funding volatility is widespread, with cuts, freezes, and administrative delays showing up across most major streams:** More than half of federally connected organizations report decreases or disruptions in major lines, including ARPA tail-offs, TANF, arts and humanities grants, and health and emergency response programs. Nearly 40% have already experienced challenges accessing federal funds that were promised, allocated, or awarded—and another quarter expect to encounter issues soon.
- **This volatility is not being offset by private capital or philanthropy:** Two-thirds of nonprofits report they have not received any replacement or supplemental philanthropic funding to backfill federal losses. Among those who did access support, most described the funding as short-term, reactive, or one-time—not durable, stabilizing commitments.
- **Overall:** Nonprofits are currently in a weakened financial position amid shrinking federal dollars, rising administrative barriers, and insufficient alternative funding to absorb losses. The result is a sector-wide reduction in fiscal resilience—with operational risk growing even before the full downstream effects of federal budget actions are fully realized.

Survey Responses Point to a Worsening Financial Landscape

Early indicators show worsening financial stability across the region. Fewer than one in ten nonprofits report their financial health is improving compared to last fiscal year, while more than four in ten say their position is worse. This suggests the sector entered FY2026 in a weakened baseline condition, before the full downstream effects of federal actions and funding shifts have taken shape. This decline is not limited to organizations with federal dollars in their budgets.

Among federally funded organizations, 42.7% reported worsening fiscal health, compared with 39% of nonprofits that do not receive federal dollars, reinforcing that national policy shifts are reshaping the regional nonprofit economy broadly, not only those with direct federal exposure.

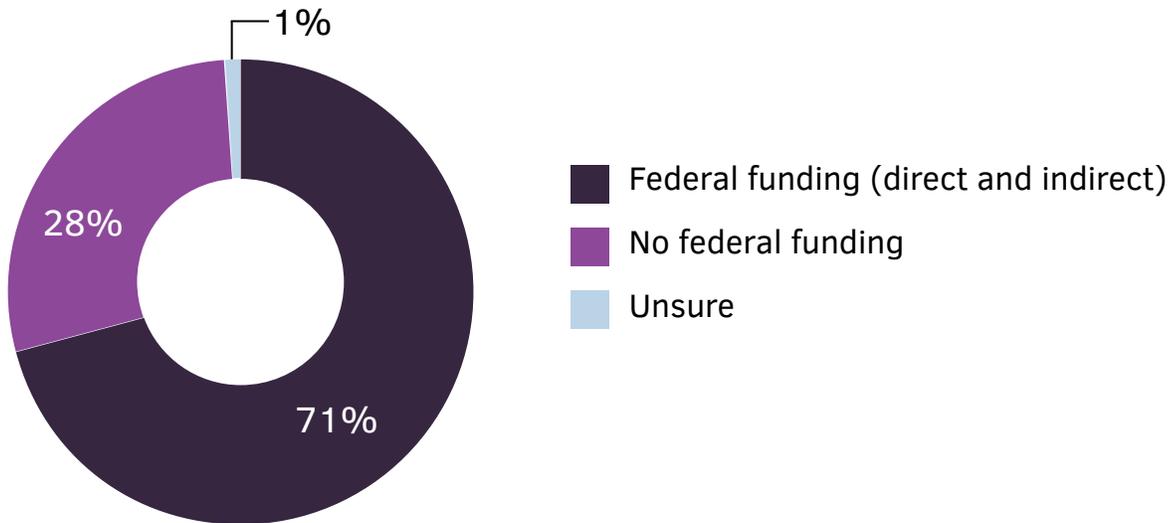
Nonprofit View on Fiscal Health Compared to Last Fiscal Year



Most Federal Streams Show Declines or Delays in the Current Fiscal Year

Just over 70% of nonprofit respondents reported receiving federal funding either directly or indirectly in pass-throughs. While the fiscal outlook of all Santa Clara and San Mateo nonprofits in the sample appears to have been adversely affected by broader policy and funding changes, those directly or indirectly reliant on federal funding are facing elevated challenges.

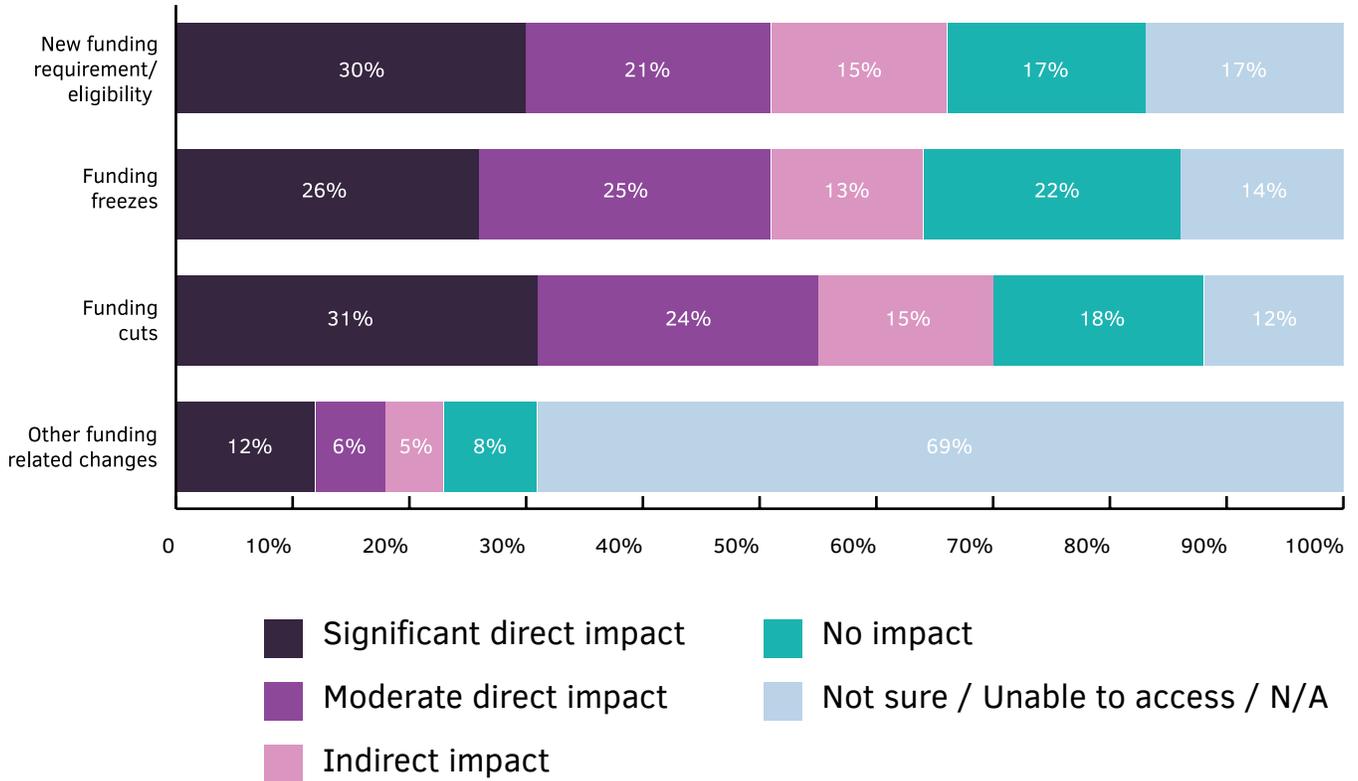
Nonprofits Receiving Direct or Indirect Federal Funding



Most nonprofits (62%) reliant on some form of direct or indirect federal funding expect their current fiscal year to see a decline in revenue, this coming from an already strained revenue environment.



Impact of Federal Funding Changes

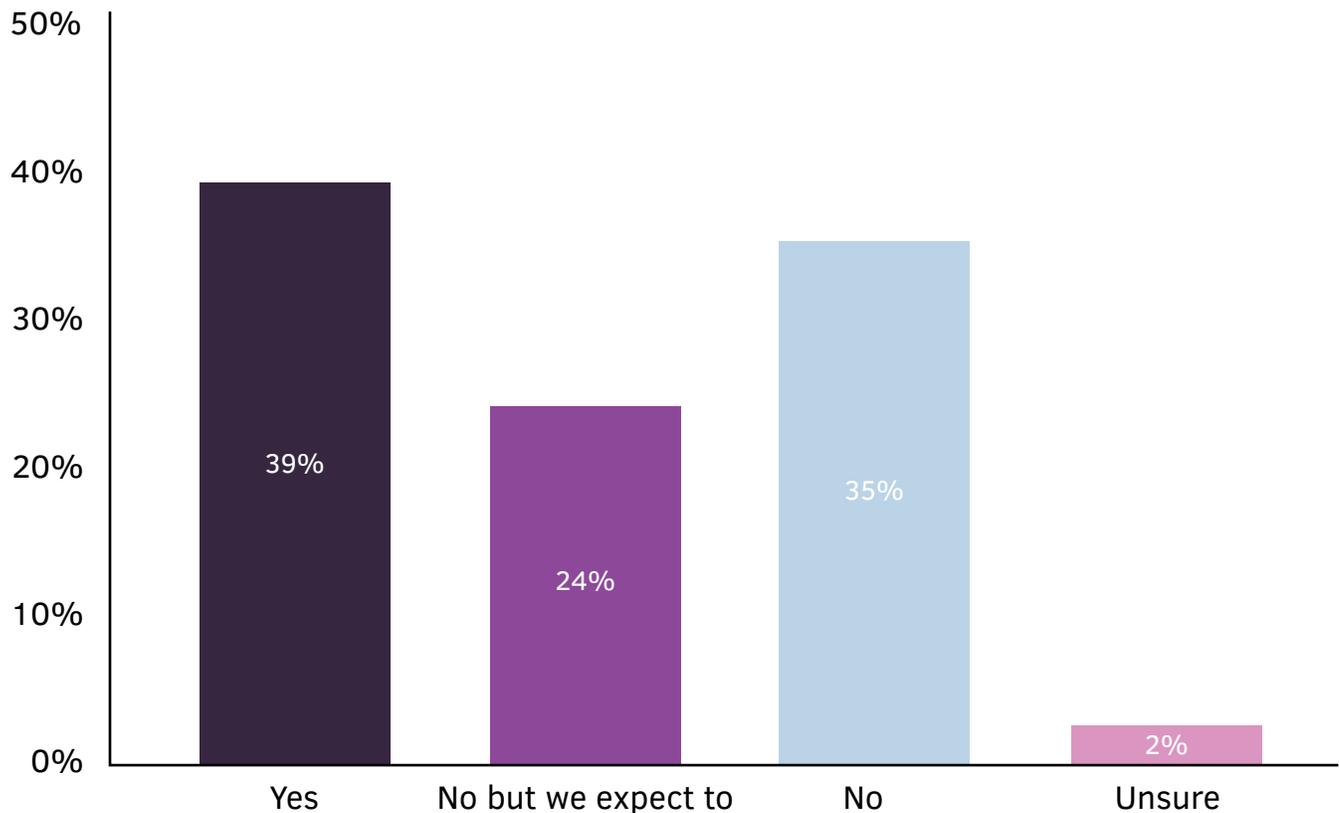


Funding cuts and funding freezes/delays were the most broadly disruptive, with more than half of organizations experiencing direct impacts in each category. New requirements and eligibility shifts are also materially altering organizations' ability to access resources, not simply creating administrative inconvenience, but reshaping the conditions of access themselves.

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There is a significant increase in the numbers of people experiencing food insecurity. We anticipate that many people will need free/low cost health care support and many more will become unhoused.

Organizations That Have Faced Challenges in Receiving Promised, Allocated, or Granted Federal Funding to Operate Their Services



More than one in three organizations (38%) reported that they have already faced challenges receiving federal funding that was promised, allocated, or granted to support their services. An additional 25% expect to encounter these challenges in the near future.

Organizations Receiving Pass-through Funding Report the Steepest Declines in Funding

Across federal funding streams, survey respondents who receive these funds report widespread contraction and delay, with very few programs showing increases. The patterns below reflect self-reported changes among nonprofits responding to the survey, not administrative totals.

Steepest and most consistent declines appear in pandemic tail-off and core safety-net programs.

Respondents reported substantial decreases in ARPA-related funding and across long-standing safety-net lines, including TANF, Violence Against Women Act funding, and federal support for arts, humanities, libraries, and museums (NEA, NEH, IMLS). In most of these programs, a strong majority of respondents reported decreases, with little evidence of offsetting increases.

Federal pass-through and community development funding show pronounced erosion.

Among nonprofits receiving federal pass-through funds, more than half reported funding decreases, with additional respondents experiencing pauses or delays. Community Development Block Grants and the Community Services Block Grant were frequently cited as declining or delayed, underscoring how federal retrenchment is being felt through state and local channels. Reductions and delays compound issues that many contractors experience with burdensome, confusing, and inconsistent government funding rules, timelines, and reporting requirements.

Health and emergency relief funding is increasingly unstable.

Respondents receiving health-related grants from CDC, NIH, and SAMHSA reported notable declines and delays, as did those relying on FEMA emergency assistance and SNAP outreach grants. These disruptions are occurring alongside rising community need, particularly for health access and emergency services.

Housing, education, and national service programs show mixed but downward trends.

While some housing funding—such as HUD Continuum of Care—remains relatively stable for a portion of respondents, many organizations reported declines in Department of Education grants and Head Start and Early Head Start funding. National service and rural development programs, including AmeriCorps, NCCC, and USDA Rural Development, also show more contraction than stability. Recent news reveals that the HUD Continuum of Care is under significant threat.

Other federal funding streams largely mirror this downward pattern.

Respondents reported decreases or delays in additional federal programs, including domestic violence funding beyond VAWA and other smaller or specialized funding sources. Across these lines, increases were rare and insufficient to offset broader losses. For respondents, delays and administrative barriers translate directly into internal resourcing costs, including diverted staff time for compliance and follow-up, increased administrative labor, and heightened cash-flow risk as organizations front expenses while awaiting reimbursement.

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I am worried about some very serious issues that could drastically alter our agency's financial health such as targeting citizen and immigrant children's Medicaid benefits, defunding of SAMHSA and their discretionary grant programs and reductions in block grants.

Few Nonprofits Report Receiving Alternative Funding to Offset Federal Cuts

The overwhelming majority of organizations (67%) report that they have not received any philanthropic or private donor funding to offset federal funding losses. Among those who have, support has largely been short-term and stopgap in nature, only 13% report receiving short-term emergency funding, 5% report securing long-term commitments, and 16% expect future support but have not yet received it.

In addition to declining federal funding, nonprofits across San Mateo and Santa Clara Counties are contending with mounting operational and community pressures. Nearly four in five nonprofits (78%) report facing increased demand for services, while 74% serve populations directly affected by recent federal actions—further straining limited resources. Compounding these challenges, two-thirds (66%) of organizations report an inability to secure new donor funding to offset losses.



No new donor funding

Increased demand



Serve populations targeted by federal actions

RESPONSES & STRATEGIES

In the face of fiscal pressure, nonprofits are adopting shared, collaborative, and creative approaches not simply to reduce costs, but to maintain service effectiveness and responsiveness amid rising demand, workforce strain, and administrative complexity. The trends below illustrate both the promise of these strategies and the constraints organizations face in sustaining them.

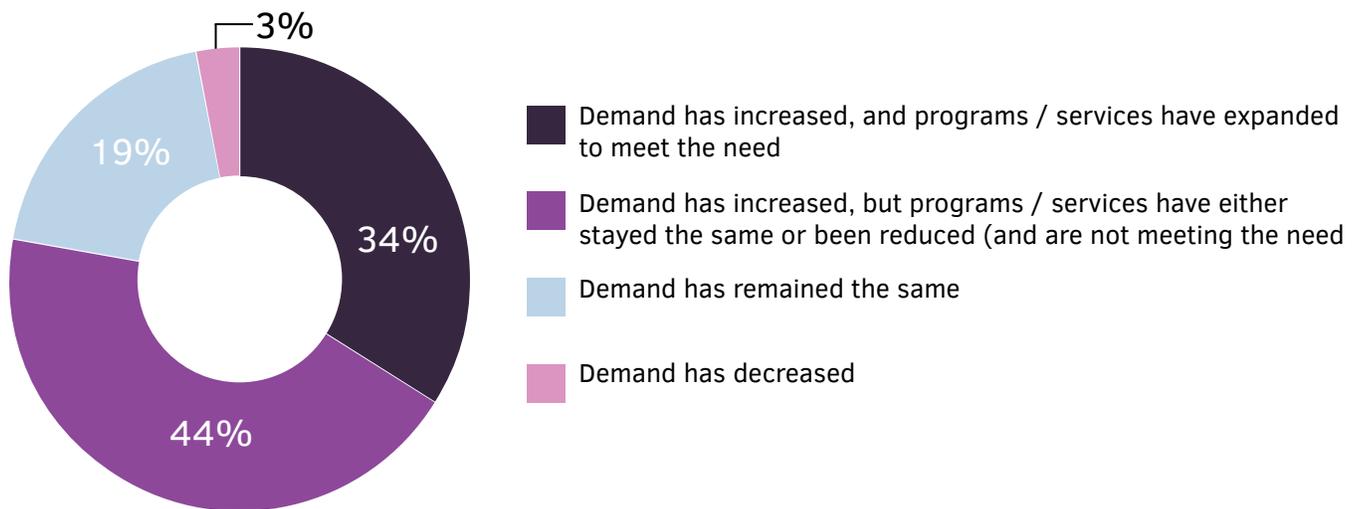
Summary of Key Trends

- Across Santa Clara and San Mateo county nonprofits, demand for services is rising faster than organizations can expand capacity; creating widening gaps between community need and the resources required to meet it. Workforce strain is compounding this pressure: burnout, low wages, talent shortages, and retention challenges are pervasive, suggesting that organizational capacity limits are now a binding constraint on service delivery, not just dollars.
- Despite these pressures, nonprofits are building networks of support, adopting new strategies, and have therefore been able to avoid the most aggressive corrective actions in response to federal executive actions or funding uncertainty. Instead, many are adopting a wait-and-see posture while becoming more open to collaborative strategies, including joint ventures, shared services, and co-designed approaches to program delivery to navigate uncertainty without destabilizing operations prematurely.
- Exposure to federal shifts is uneven across the field. Organizations that are deeper in REDI implementation—and those with high BIPOC staff representation—are experiencing significantly higher operational disruption, spending more time managing federal impacts, and reporting greater financial strain. These are also the organizations closest to directly impacted communities, yet they often operate with thinner reserves, making them more vulnerable to policy volatility and external shocks.
- **Overall:** Nonprofits are entering 2026 facing rising demand, workforce fatigue, and uneven exposure to federal impacts—with equity-centered and BIPOC-serving organizations carrying the greatest burden. The sector is under strain, adapting cautiously, and increasingly exploring shared and collaborative strategies, but without sufficient buffers or capacity to absorb sustained instability.

Demand for Services Significantly Outpaces Capacity

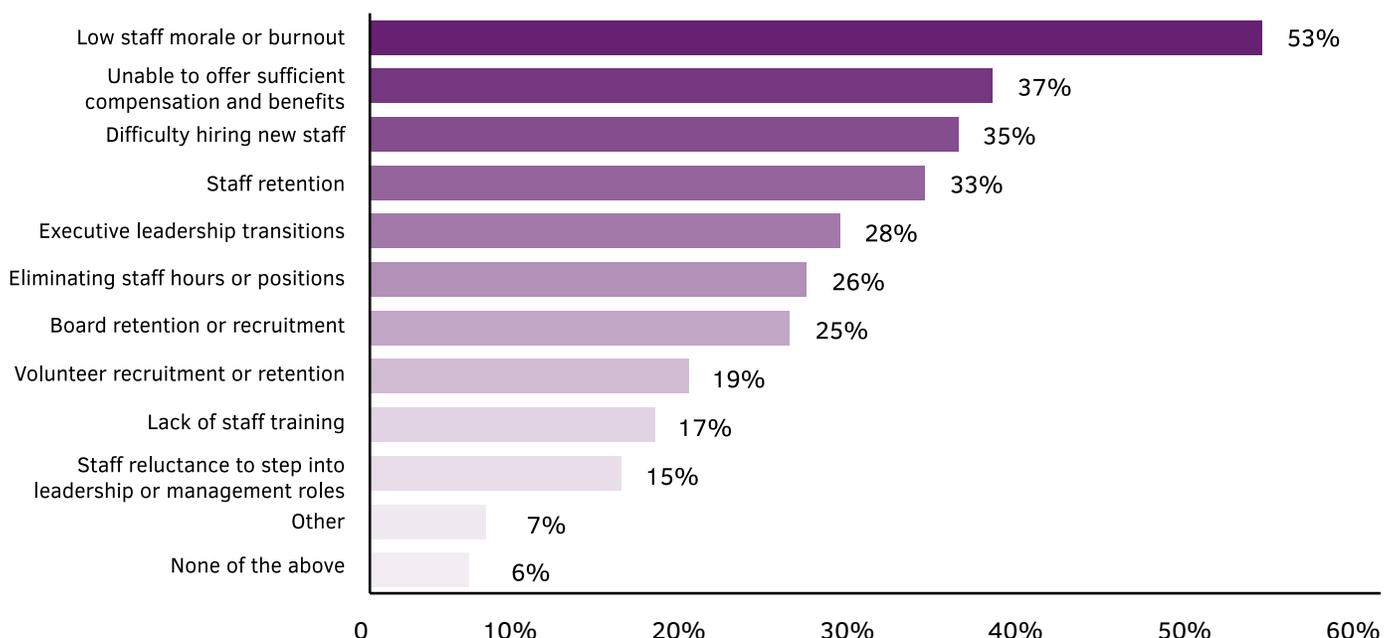
The majority of nonprofits are experiencing higher demand—and many cannot keep pace. Forty-four percent report that demand has increased **but programs have not expanded to meet need**, indicating a growing gap between community need and organizational capacity. Another 34% report increased demand **and** expanded services, but only a minority say demand is stable (19%) and almost none report decreases (3%).

Demand for Services



Workforce strain is widespread and multi-layered. The top pressures are low staff morale/burnout (53%), inability to offer competitive compensation (44%), and difficulty hiring new staff (42%)—showing that organizations are struggling to retain and attract talent in an environment of rising demand. Staff retention (39%) and board recruitment (31%) are also significant ongoing challenges.

Workforce Challenges



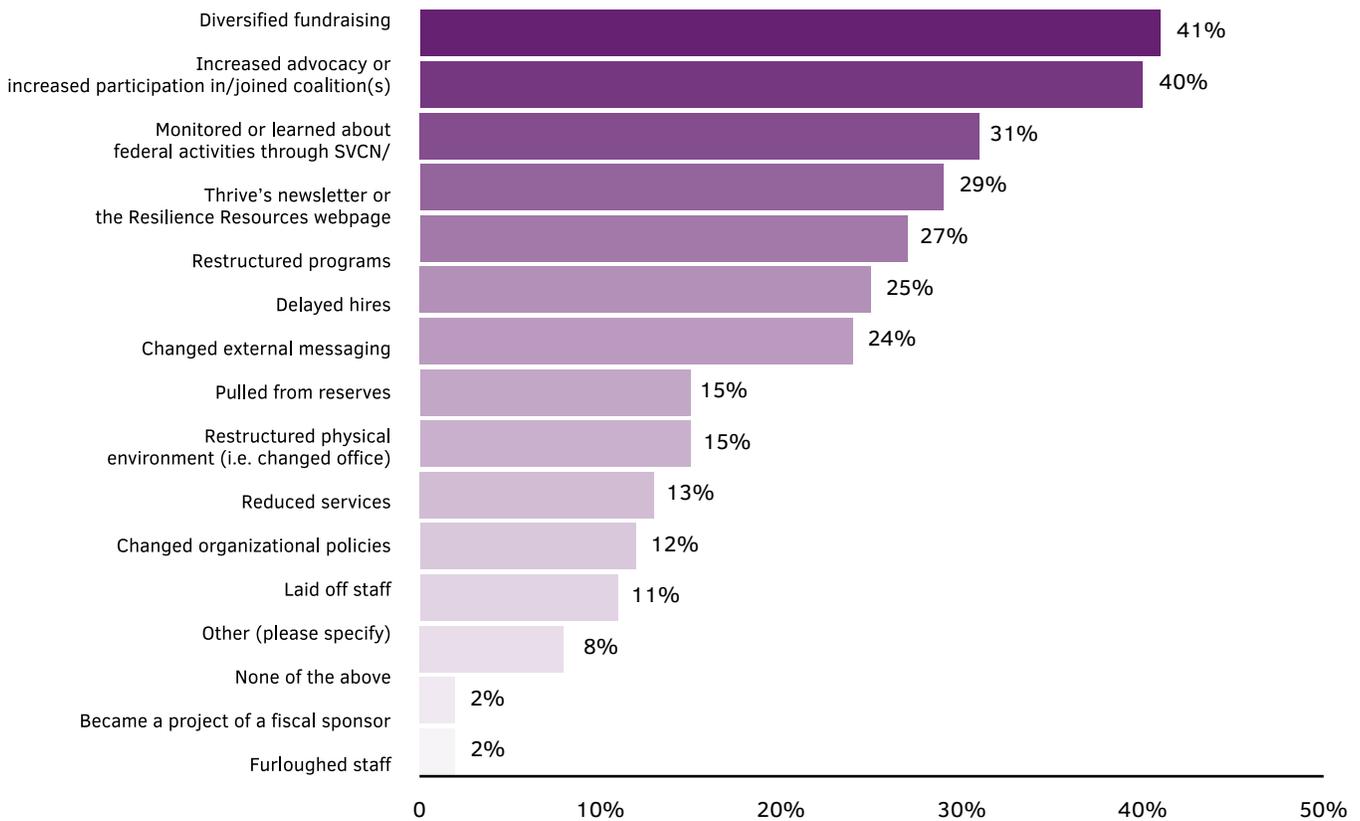
Nonprofits Increasingly Open to Collaboration and Cost-Sharing

In response to changing federal actions and broader economic uncertainty, nonprofits have implemented a range of adaptive strategies. Despite significant challenges, organizations across Santa Clara and San Mateo Counties have largely avoided the most severe measures—such as large-scale reductions in workforce—in response to executive actions, funding cuts, and policy shifts, at least to date.

These shifts reflect a pragmatic effort to operate more efficiently, sustain service quality, and innovate under fiscal constraint. Shared services, joint procurement, and coordinated delivery models allow organizations to reduce duplicative costs, extend expertise, and test new approaches that would be difficult to pursue independently.

Based on conversations with nonprofit leaders, collaboration and shared services are being considered as strategies to **preserve service effectiveness and continuity**, particularly when individual organizations lack the scale, specialization, or capacity to respond on their own.

Adjustments Made Based on Federal Actions and Current Environment





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We need regional capacity funds that strengthen collective infrastructure and coordination among local partners, ensuring stability during times of policy or funding uncertainty.

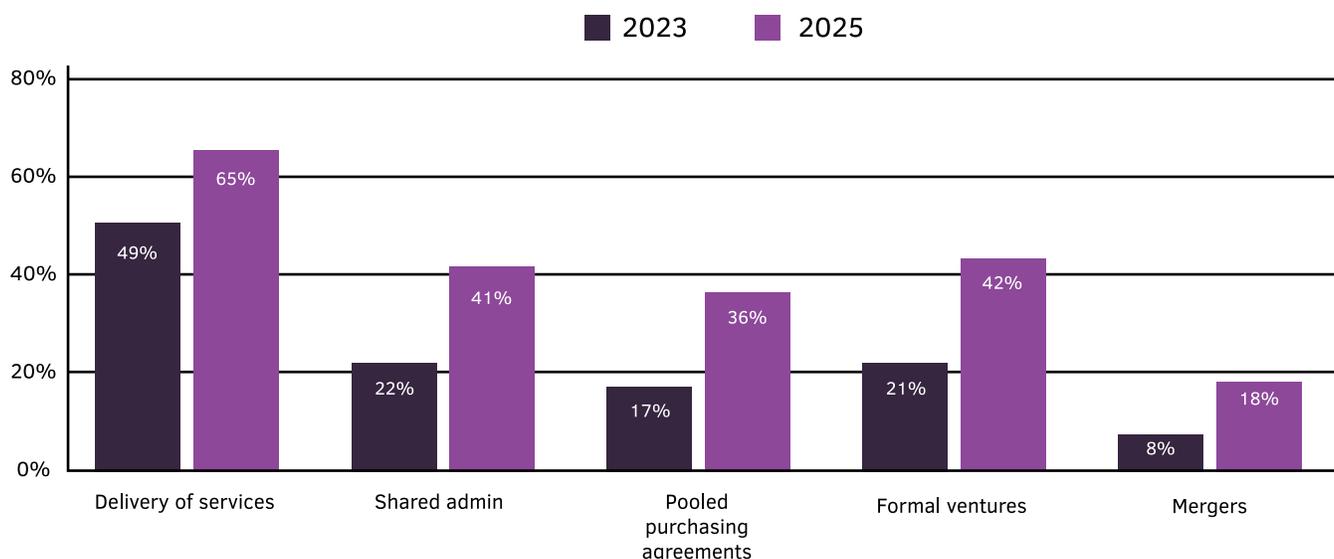
Only 15% of nonprofit respondents reported layoffs, and just 3% reported furloughs. In contrast, half (50%) diversified their fundraising efforts, and 48% increased advocacy or coalition participation. Others took steps to restructure programs (35%), delay hires (33%), or draw from reserves (29%) to sustain operations. Meanwhile, 31% consulted legal counsel, 30% revised external messaging, and 16% updated internal policies to remain compliant and responsive.

Overall, nonprofits are responding to fiscal pressure not by widespread retrenchment, but by cautiously adopting shared and collaborative strategies aimed at improving efficiency, effectiveness, and innovation—even as workforce strain and limited reserves constrain how quickly these approaches can scale without external support.

Nonprofits recognize the new environment and are much more willing to engage in joint ventures and cost-sharing efforts. Across nearly every operational area, nonprofits report strong interest in partnering with peer organizations, reflecting a sharp increase in cross-organizational and sector support and collaboration.

Between 2023 and 2025, willingness to collaborate on service delivery rose from 49% to 65%, while interest in shared administration nearly doubled from 22% to 41%. Similarly, openness to pooled purchasing agreements (17% to 36%) and formal ventures (21% to 42%) grew notably. Even merger discussions—traditionally rare—more than doubled (8% to 18%). These changes underscore a shift toward collective solutions to shared financial and operational challenges.

Share of Nonprofits Very Willing or Already Engaging in Aggressive Collaborative Strategies



The vast majority of respondent nonprofits report strong willingness or current engagement in collaboration. Forty-three percent are very willing to collaborate on collective action to protect communities, and 41% are already doing so. Staff training shows similar levels: 43% are very willing, and 37% are already collaborating. Advocacy has the highest current participation, with 46% already involved and 33% very willing.

In other areas, organizations express more willingness than current activity. Fifty-three percent are very willing to collaborate on fundraising, while 15% already do so. Public events show 40% very willing and 29% already collaborating. Program delivery follows the same pattern, with 38% very willing and 26% already engaged.

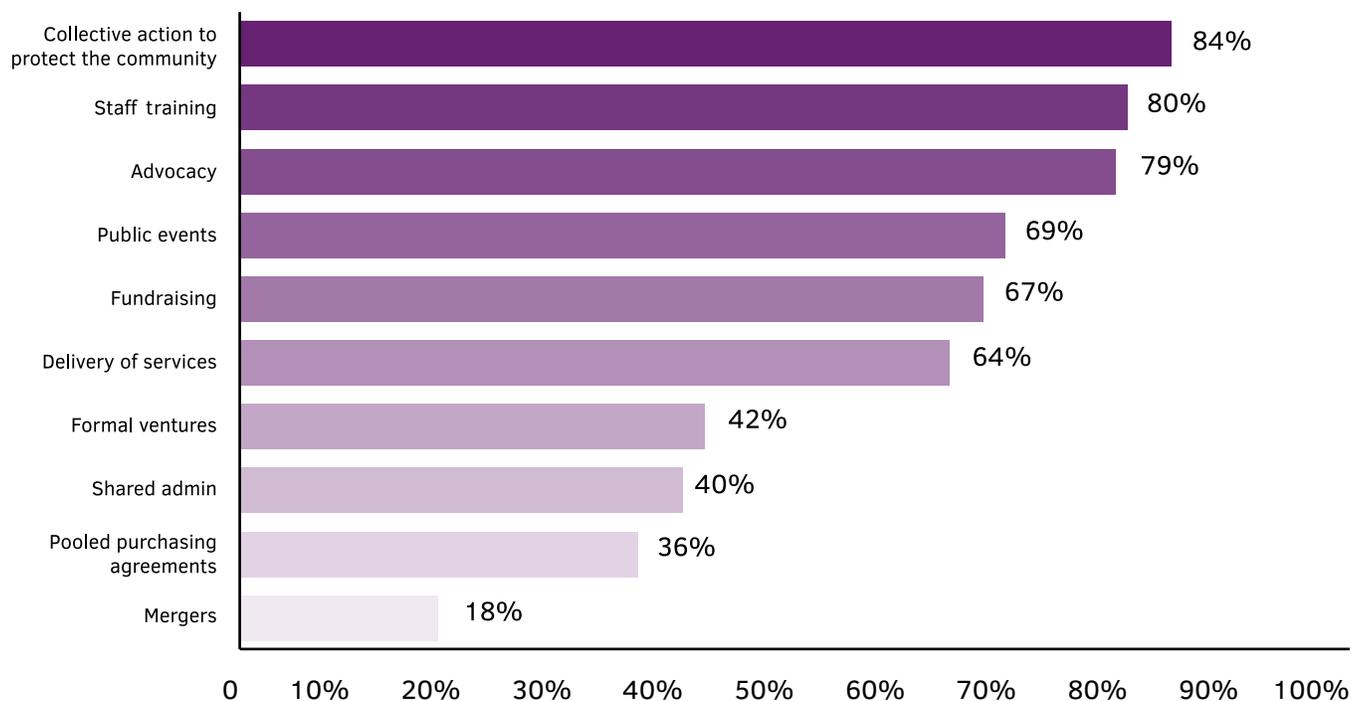
Additional actions noted in open-ended responses fell into several buckets:

- **Scenario planning + contingency financial modeling:** Preparing for potential cuts (5–20% scenarios), reduction in force plans, reserve strategy, and diversified fundraising (including new individual donor campaigns).
- **Safety, response, and legal preparedness:** Staff training on ICE response, trauma-informed care, updated building entry procedures, Know Your Rights workshops, signage restricting unlawful entry, litigation, and rapid response teams.
- **Community wellness/stabilization support:** Expansion of healing spaces, promotor-led outreach, support groups, mobile enrollment units, and culturally tailored navigation support (health, coverage, Medicaid redeterminations, etc).
- **Collective action + coalition engagement:** Working through collaboratives, joint funding applications, shared advocacy, partnering with attorneys/providers onsite, and avoiding mergers as a default “fix.”
- **Advocacy + narrative mobilization:** Policy strategy development, storytelling campaigns, digital advocacy, and direct engagement with federal/state reps.

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We are cutting back necessary funding for vital programs; we are slowing hiring and position conversions to full time permanent positions. We are struggling to fund vital programs and have filed suit against the state for funding we have not received.

Nonprofits Very Willing or Already Partnering on These Strategies



While willingness to coordinate is high, effective collaboration is not cost-free. Moving from interest to action requires time, facilitation, trust-building, and technical support—capacity that many nonprofits lack amid staffing shortages and sustained fiscal pressure. Without adequate support, coordination can introduce risk or stall, rather than strengthening service effectiveness.

Nonprofit intermediaries can play a critical enabling role by connecting organizations to one another, educating nonprofits about a range of shared models—including shared services, joint ventures, and mergers—and disseminating best practices informed by field experience. Intermediaries can also support voluntary coordination by convening providers around shared challenges, aligning efforts across organizations, or, in some cases, serving as a collective-impact backbone entity.

With sufficient resources, intermediaries can further help broker practical solutions that lower barriers to collaboration. This includes facilitating access to shared staff or independent contractors (such as bookkeepers or HR support), supporting shared space or co-location strategies, and connecting nonprofits to specialized expertise, including space consultants and strategic partnership or merger consultants and facilitators—services that often require dedicated funding for nonprofits to pursue thoughtfully and responsibly. These supports help organizations assess fit, manage risk, and explore shared approaches in ways that protect mission integrity and avoid mismatches between partners, rather than presuming consolidation as a default outcome.

ORGANIZATIONAL HEALTH & RACIAL EQUITY REDI

This section examines how organizational engagement with racial equity and inclusion (REDI) practices shapes nonprofits' exposure, response, and resilience amid shifting federal actions and economic pressures. Across Santa Clara and San Mateo Counties, REDI maturity emerges as a key differentiator of organizational experience and impact.

Organizations deeply engaged in equity work—those that are launched, well on the way, or leading—report significantly greater direct impacts from federal executive actions, ICE activity, and related policy shifts, as well as higher operational strain. In contrast, nonprofits in earlier REDI stages or with limited engagement report fewer disruptions, likely reflecting lower exposure to affected communities.

At the same time, organizations with higher BIPOC¹ staff representation face the steepest challenges: they are more likely to experience financial distress, devote substantial staff time to responding to federal shifts, and operate with thinner reserves. These findings suggest that the very organizations most embedded in equity and immigrant-serving work are bearing disproportionate operational and financial burdens—underscoring the need for targeted support and investment to sustain their capacity and impact.

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Equally important is sustained investment in local policy alignment and accountability, where community voice helps shape how policies are implemented and evaluated...When we invest in proximity, in the people and organizations closest to the challenges, we create the conditions for lasting change rooted in dignity, equity, and belonging.

1. A note about terminology: We recognize that there is a rich dialogue about terminology such as BIPOC and that not all people self-identify with the term and may identify with more specific racial and/or ethnic identities not explicitly captured by this usage. We have chosen to use this term in this context as a commonly adopted term to describe racial/ethnic groups that have been uniquely impacted by white supremacy, and specifically emphasizes Black and Indigenous people who experience structural racism differently than other people of color. We are always learning and evolving and are open to feedback as we continue to engage with the community and our nonprofit organizations around our language and impact.

Summary of Key Trends

- **REDI maturity strongly correlates with impact exposure:** Organizations that are further along in REDI (those “launched,” “well on the way,” or “leading”) are far more likely to report significant direct impacts from executive actions, ICE activity, and other non-funding federal shifts.
- **The least REDI-engaged nonprofits report very little direct impact:** Those with no engagement or who are still in the pre-work contemplation stage report almost no significant direct impact—which likely reflects both lower visibility and lower interaction with affected populations.
- **Immigrant-serving / equity-committed nonprofits are bearing disproportionate operational burden:** For nonprofits already deep in equity work, 60–100% report that executive orders, ICE activities, and other federal actions have significantly affected their ability to operate—much higher than the total population averages.
- **REDI maturity influences how much organizational time is being spent responding to federal shifts:** Organizations that are further along in REDI (“launched,” “well on the way,” or “leading”) are far more likely to be devoting significant or moderate amounts of time addressing impacts from executive actions—indicating greater exposure, responsibility, and operational impact.
- **Organizations in early REDI stages are far less engaged in response work:** Those with no engagement or pre-start REDI interest are much more likely to report minimal or no time spent responding—suggesting lower contact with affected communities and/or lower sensitivity to these policy environment shifts.
- **Financial strain is widespread across all REDI stages:** Across every REDI category, a plurality of organizations report that their financial health is worse compared to last fiscal year. Even organizations “leading” on REDI are not insulated—nearly half of them report worsening net revenue.
- **Organizations with higher BIPOC representation on staff report greater direct impact from federal executive actions:** As the share of BIPOC staff increases—particularly above 75%—reported significant impact from executive orders, ICE activity, and other non-funding federal actions rises substantially (70–90%+ ranges in several categories). This suggests that organizations closest to BIPOC communities are experiencing the sharpest operational pressure.
- **These same organizations are spending more staff time responding to federal shifts:** The groups with the highest BIPOC representation are far more likely to report spending significant or moderate time navigating executive actions—indicating that exposure translates directly into internal resource diversion.

- **Financial distress is also more concentrated among organizations with high BIPOC representation:** Among organizations with 75–100% BIPOC staff, a much larger share report worsening financial health compared to last year—signaling both disproportionate exposure and disproportionately weaker financial buffers.
- **Operating reserves vary widely, but many BIPOC-majority organizations are thinly resourced:** While some have 7–12+ months of reserves, a meaningful share sit in the 1–3 month range or lower—indicating higher fragility and limited shock absorption capacity relative to federal policy volatility.



| Photo courtesy of Silicon Valley Council of Nonprofits

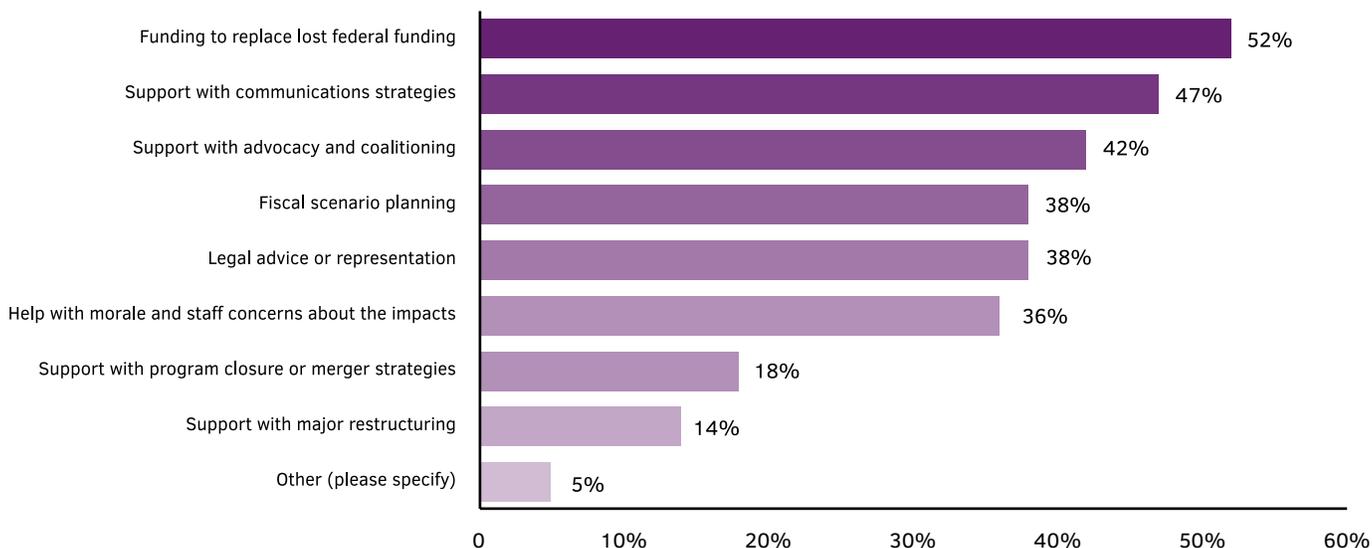
NONPROFIT NEEDS & RECOMMENDATIONS

The survey provided nonprofits an opportunity to share both their immediate organizational needs and broader recommendations for strengthening the regional nonprofit and philanthropic ecosystem.

Nonprofits report an urgent need for financial and strategic support to manage the effects of recent federal executive actions and funding shifts. The most pressing priority, cited by 67% of respondents, is replacement funding for lost federal dollars, underscoring how essential federal resources remain to local nonprofit stability.

Beyond direct funding gaps, organizations also identified a strong demand for capacity-building assistance. More than half (54%) highlighted the need for advocacy and coalition support, while nearly half pointed to fiscal scenario planning (49%), legal guidance (49%), and communications strategy development (47%) as key areas of support. A similar share (47%) reported needing help addressing staff morale and organizational stress amid ongoing policy and funding uncertainty.

Support Needed to Navigate Impacts of Recent Federal Executive Actions or Changes to Federal Funding





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Ultimately, what's needed is a recognition that community-based organizations are the trusted infrastructure of our social safety net. By investing in their capacity, maintaining open lines of communication, and uplifting their voices in policymaking, funders and policymakers can ensure stability, adaptability, and continuity of care for the communities that rely on them most.

Recommendations for Funders and Policymakers

Nonprofits are calling on policymakers and philanthropic partners to stabilize the ecosystem, reduce harm, and share power in the face of sustained federal volatility. Respondents identified the following actions as essential to sustaining services, advancing equity, and strengthening the nonprofit sector's capacity to respond to current and future challenges.

Provide flexible, multi-year, unrestricted funding.

Respondents emphasized that flexible operating revenue—not project-restricted funding—is critical for weathering uncertainty, sustaining services, and managing rising compliance and administrative demands. Many identified the need for higher allowable overhead, bridge funding to manage timing gaps, and rapid-response funds to stabilize staffing and maintain continuity amid funding disruptions.

Reduce administrative barriers, improve consistency, and accelerate payments.

Nonprofits consistently cite reimbursement delays, complex and duplicative reporting, and inconsistent requirements across agencies as destabilizing factors that divert staff time and increase financial risk. Respondents urged government partners and funders to streamline processes, align expectations across departments—particularly within the same jurisdiction—and adopt trust-based approaches that reduce compliance burden and speed the flow of funds.

Elevate nonprofit and community voice in policy design and implementation.

Survey respondents called for earlier and more meaningful inclusion of nonprofit and community leaders—especially grassroots and frontline voices—in policy development and service design. Embedding participatory processes at state and local levels was identified as essential to ensuring policies are responsive, equitable, and workable in practice.

Protect historically and structurally disenfranchised communities—and the nonprofit sector that serves them.

Nonprofits urged policymakers to maintain or strengthen protections for communities disproportionately harmed by policy shifts and underinvestment, and to mitigate federal-level harms through state and local action. Respondents emphasized the importance of safeguarding both vulnerable communities and the nonprofit organizations that provide essential, trusted services.

Mobilize and coordinate philanthropy—and invest in sector infrastructure.

Funders were encouraged to take a more coordinated role by pooling resources, unlocking donor-advised funds, and supporting coalitions and shared services. Respondents underscored the importance of investing in intermediary capacity—including conveners, coordinators, trainers, and technical-assistance providers—to reduce transaction costs, broker collaboration, disseminate best practices, and help nonprofits pursue effective, creative, and collaborative approaches that sustain services under constrained resources.

Invest in long-term nonprofit and community power-building.

In addition to sustaining critical services, respondents emphasized the need for investment in advocacy, civic engagement, leadership development, narrative change, and community-led organizing. Strengthening nonprofit and community power was identified as essential to shaping policies that affect people’s lives and to reducing long-term vulnerability to shifting federal and economic conditions.

Taken together, these recommendations reflect a sector seeking not only to survive current disruptions, but to build the systems, infrastructure, and power necessary to meet rising needs and advance equity and community well-being across San Mateo and Santa Clara Counties.



| Photo courtesy of SOMOS Mayfair

ABOUT SVCN

Silicon Valley Council of Nonprofits (SVCN) is a nonprofit association and policy organization that works to strengthen the nonprofit sector in Santa Clara County. SVCN advances the role, voice, and capacity of nonprofits so they can be a force for positive social change and help build equitable, vibrant, and thriving communities.

SVCN supports the sector through leadership development, organizational capacity building, convening, and programs that help nonprofit leaders navigate complex challenges and strengthen their organizations. SVCN also draws on its policy expertise, positionality, and relationships to decision-makers to support nonprofit-led advocacy, staff and partner with coalitions and grassroots leaders, and advocate for systems change that addresses the biggest challenges faced by the communities nonprofits serve. Across its work, SVCN centers racial equity and community voice to help ensure that nonprofit expertise and lived experience inform local decision-making.

The organization also serves as a trusted source of timely information and tools for the sector, maintaining platforms such as a nonprofit Community Slack space, business directory, resource library, video library, racial justice learning hub, resilience resources webpage, and regular newsletters that keep nonprofit leaders informed and connected.

With more than 200 nonprofit members and ally members, including individuals, businesses, and foundations, SVCN serves as a trusted hub for connection, learning, and collective action across Silicon Valley.

www.svcn.org



ABOUT THRIVE ALLIANCE

Thrive Alliance is a robust, trusted network of 200+ nonprofit organizations, government entities, foundations, businesses, and community leaders with a shared commitment to strengthening the nonprofit sector in San Mateo County. Thrive's mission is to cultivate, amplify, and advocate for a thriving nonprofit sector in San Mateo County. Thrive activates its mission through three core program areas:

Capacity Building: Thrive empowers nonprofits by providing practical training, leadership development, and strategic support necessary to navigate organizational challenges. By grounding our workforce initiatives and resource sharing in local realities, we help nonprofit leaders sustain and increase their community impact as sector needs evolve.

Policy & Advocacy: Thrive amplifies the collective voice of San Mateo County's nonprofit sector by convening nonprofit leaders, policymakers, and partners to advance equitable, community-informed policy. Through education, coalition-building, and strategic partnerships, Thrive helps ensure public decisions reflect the needs and lived experiences of local communities.

Community Resilience: Thrive helps nonprofits prepare for, respond to, and recover from disasters and emergencies. We assist in building and sustaining long-term community resilience through our coordination of Thrive RISE, a COAD (Community Organizations Active in Disaster) for San Mateo County. Thrive further supports community resilience through a variety of environment and sustainability-focused initiatives.

Thrive Alliance serves as a convener and advocate for the nonprofit sector, strengthening cross-sector collaboration to build thriving communities throughout San Mateo County.

www.thrivealliance.org



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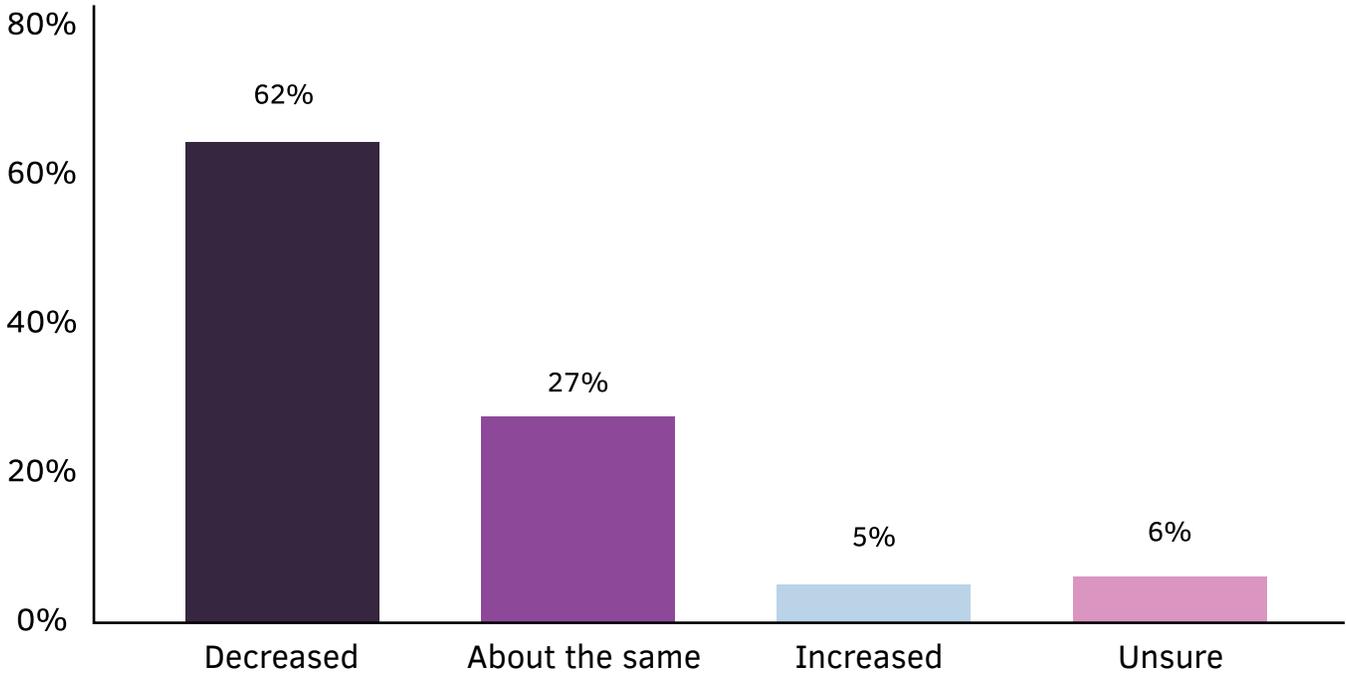
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Lucy Turley

SUPPORTED BY:

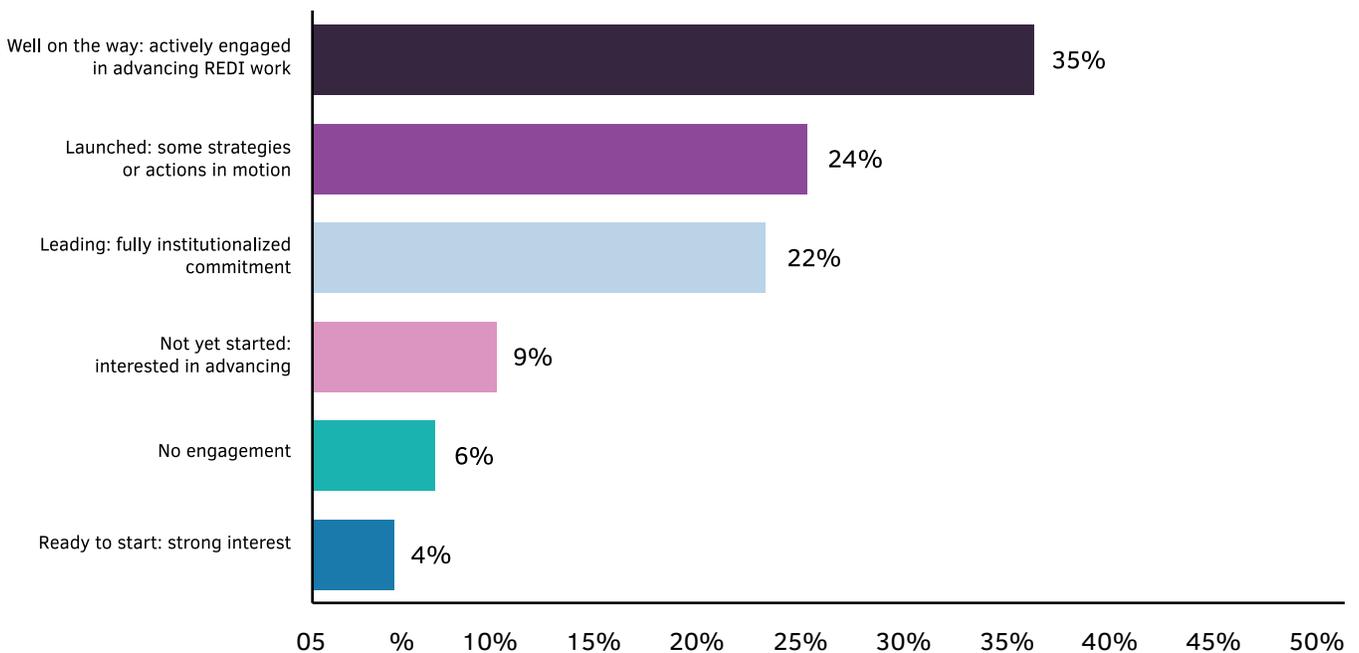


APPENDIX

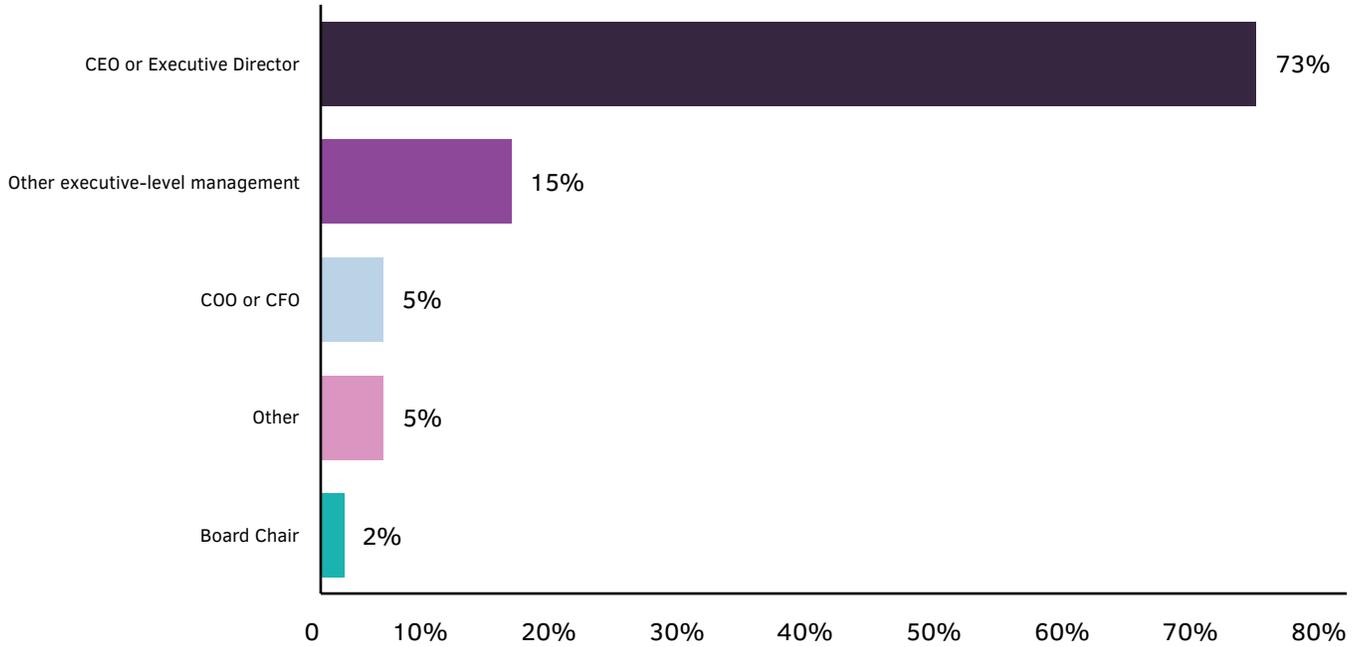
Compared to the Last Fiscal Year, Do You Expect Your Federal Funding for the Current Fiscal Year to Be



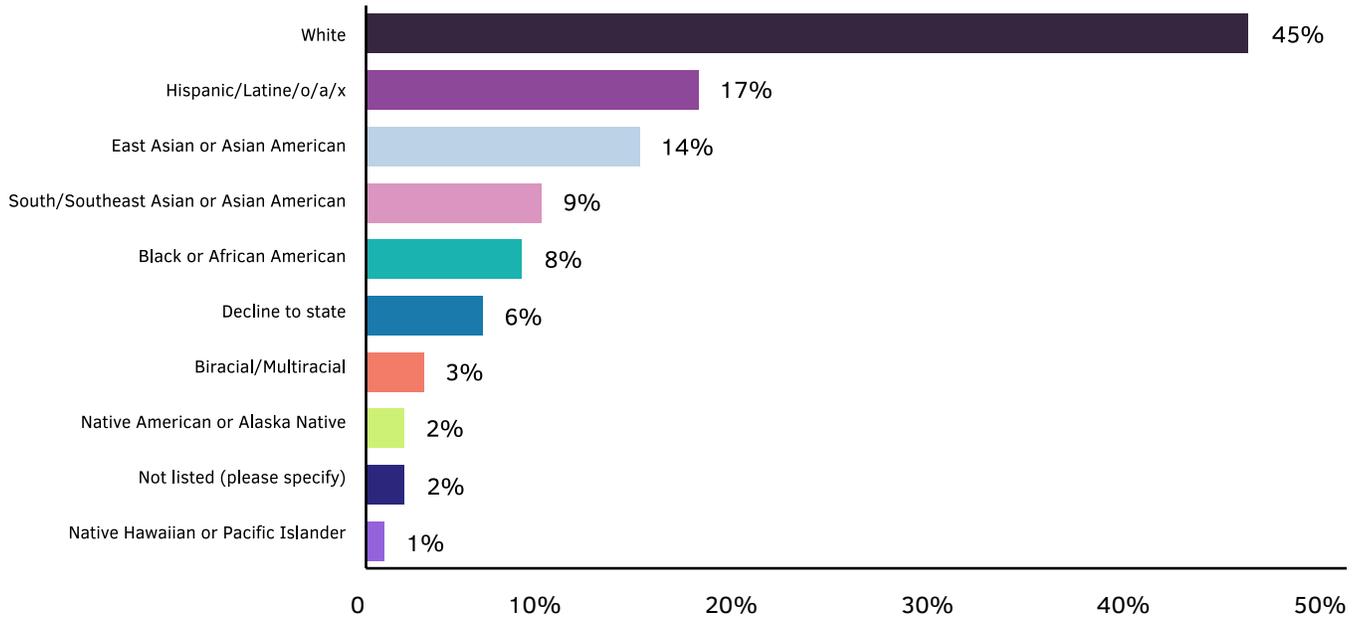
Stages of Racial Equity, Diversity, and Inclusion (REDI) Engagement



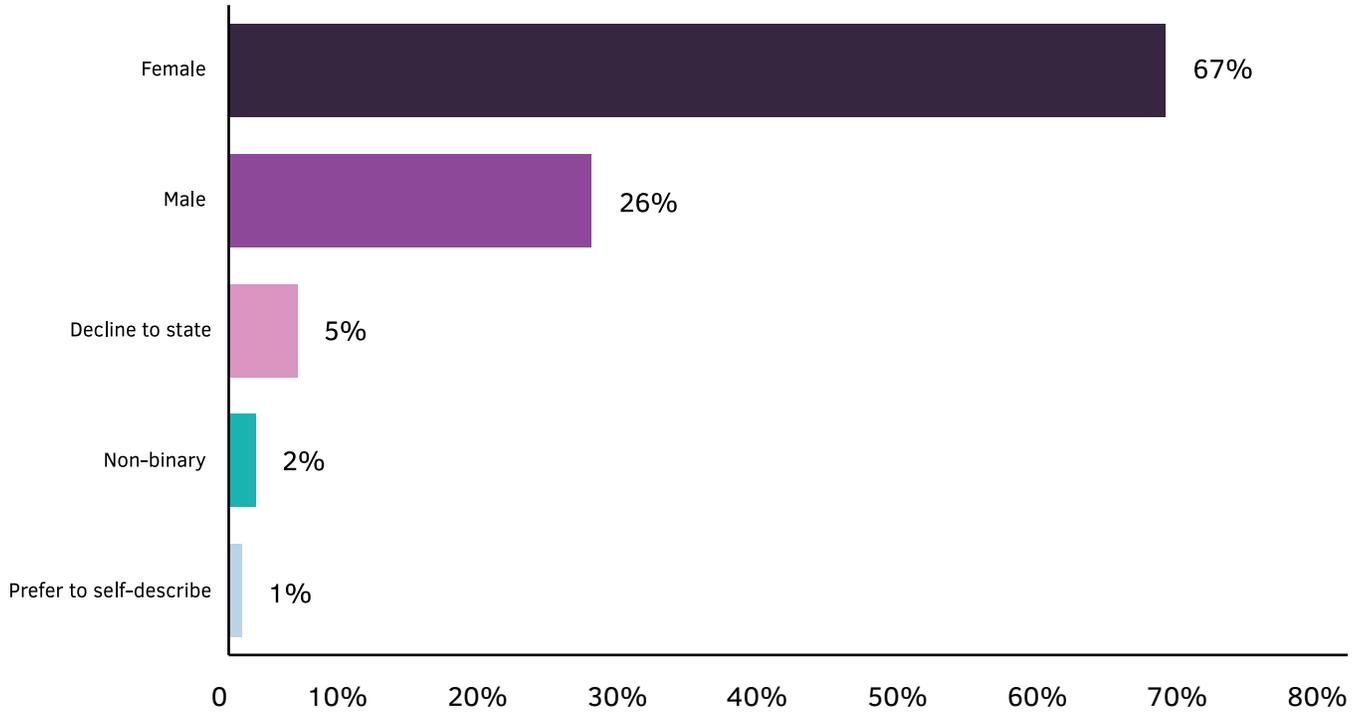
Positions of Survey Respondents



Racial/Ethnic Identity



Gender Identity





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