

Abstract

This comprehensive analysis examines critical developments affecting nonprofit organizations during the June 2-9, 2025 period, with particular focus on ongoing federal executive branch actions, regulatory changes, and compliance challenges facing the sector. Key areas covered include the continuing impact of Trump administration executive orders on nonprofit funding and operations, federal human resources regulatory developments, IRS policy changes affecting tax-exempt status. The analysis highlights significant risks nonprofits face from federal funding freezes, evolving employment law compliance requirements, and potential threats to tax-exempt status. Organizations must navigate complex regulatory environments while maintaining mission focus amid unprecedented government targeting of specific nonprofit activities and funding sources.

June 9, 2025 Navigator News Update: Including Federal Executive Branch Targeting of Nonprofits And More!

From Nonprofit Management Navigator

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Introduction

This analysis covers significant developments affecting nonprofit organizations from June 2-9, 2025, highlighting ongoing challenges from federal executive branch actions and regulatory changes. The period saw continued implementation of Trump administration policies targeting specific nonprofit activities, including DEI programs and immigration services, alongside new federal human resources regulations affecting employment practices. Critical IRS developments emerged regarding tax-exempt status determinations, while legal challenges to executive orders created additional compliance uncertainties. The analysis also examines federal agency hiring freezes impacting service delivery, new travel ban implementations affecting international nonprofits, and evolving employment law requirements. Organizations face mounting pressure to reassess programmatic activities, funding strategies, and compliance frameworks amid an increasingly hostile regulatory environment for certain nonprofit subsectors.

Federal Executive Branch Developments

Federal Agency Communication Restrictions Continue The administration has prohibited certain federal agencies from engaging in public communications and certain other public-facing

activities until at least February 1, 2025, with extensions appearing likely. These restrictions severely limit nonprofits' ability to obtain regulatory guidance, participate in public comment processes, and collaborate with federal partners. The communication blackout creates uncertainty about policy implementation and makes compliance planning extremely difficult. Organizations should prepare for extended periods of limited federal agency responsiveness and develop alternative information sources. Source: [The Impact of Presidential Action on the Nonprofit Sector - Arnold & Porter](#)

DOGE Workforce Reduction Initiative Expands Executive Order 14210 of February 11, 2025 aims to significantly reduce the size of the federal workforce and implement new hiring practices through DOGE. The Department of Government Efficiency's expansion into nonprofit oversight represents unprecedented federal involvement in sector operations. Organizations receiving federal contracts face potential audits and service disruptions as agencies reduce staffing. The initiative's broad scope suggests long-term challenges for nonprofits dependent on federal partnerships and may signal fundamental shifts in government-nonprofit relationships. Source: [NAFSA: Executive and Regulatory Actions Under the Second Trump Administration](#)

NGO Funding Review Memorandum Implementation The February 6, 2025 memorandum directed agency heads "to review all funding that agencies provide to NGOs" and to "align future funding decisions with the interests of the United States". Agencies are now conducting comprehensive reviews of existing nonprofit partnerships, creating widespread uncertainty about funding continuity. Organizations report difficulty obtaining information about review criteria or timelines, making strategic planning nearly impossible. The broad language allows for subjective determinations that could affect any nonprofit receiving federal support. Source: [NAFSA: Executive and Regulatory Actions Under the Second Trump Administration](#)

Immigration Enforcement in Sensitive Locations The administration has given U.S. Immigration and Customs Enforcement (ICE) agents permission to conduct arrests in sensitive locations such as schools, churches, and hospitals. This policy change directly impacts nonprofits providing services in these locations, creating liability concerns and operational challenges. Organizations must develop protocols for potential enforcement actions while maintaining service delivery commitments. The policy particularly affects nonprofits serving immigrant communities, requiring careful legal consultation to navigate compliance obligations. Source: [The Impact of Presidential Action on the Nonprofit Sector - Arnold & Porter](#)

Federal Grant Termination Acceleration Based on ongoing implementation of executive orders, federal agencies have accelerated termination procedures for existing grants and contracts deemed inconsistent with administration priorities. Organizations report receiving termination notices with minimal explanation or appeal opportunities. The lack of standardized procedures across agencies creates additional compliance burdens as nonprofits attempt to understand their rights and obligations. Legal challenges are emerging, but organizations face immediate operational impacts regardless of litigation outcomes. Source: [The Impacts of the Recent Executive Orders on Nonprofits - National Council of Nonprofits](#)

Nonprofit News Developments

Nonprofit Job Losses Continue Mounting The estimated number of full-time jobs the nonprofit sector has lost since January 20, 2025 reached significant levels according to the Chronicle of Philanthropy's Nonprofit Layoff Tracker. Federal funding cuts and regulatory uncertainty continue driving workforce reductions across multiple nonprofit subsectors. Organizations face difficult decisions about program continuation and staff retention amid declining revenue streams. The cumulative impact suggests long-term sector capacity reduction affecting service delivery to vulnerable populations. Source: [Nonprofit Champion - April 21, 2025 - National Council of Nonprofits](#)

State Opposition to Federal Policies Grows Some California nonprofits won't remain silent in face of Trump budget slashing, according to Los Angeles Times reporting. State-level resistance to federal policies creates opportunities for alternative funding but also compliance complications for nonprofits operating across multiple jurisdictions. Organizations must navigate potentially conflicting state and federal requirements while maintaining tax-exempt status. The growing state-federal divide requires careful legal analysis to avoid inadvertent violations. Source: [Nonprofit Champion - May 5, 2025 - National Council of Nonprofits](#)

Congressional Representatives Urge Action U.S. Representative Morgan McGarvey stated "We can't stay silent. This is a time I truly believe our kids, our grandkids, they're going to ask us what we did" regarding nonprofit advocacy needs. Growing congressional support for nonprofit sector protection provides potential legislative remedies but requires sustained advocacy efforts. Organizations must balance political advocacy with nonpartisanship requirements while building broader coalition support. The political momentum creates opportunities for sector-wide initiatives to address regulatory challenges. Source: [Nonprofit Champion - May 5, 2025 - National Council of Nonprofits](#)

Federal Legal and Regulatory Developments

FTC-DOJ Competition Advocacy Enhancement President Donald Trump's April 9 "Executive Order on Reducing Anticompetitive Regulatory Barriers" is highly likely to enhance both agencies' effectiveness in reviewing regulations affecting nonprofits. The enhanced competition advocacy could benefit nonprofits facing regulatory barriers to service delivery or operational efficiency. However, the focus on deregulation may also reduce protections for nonprofit activities in certain sectors. Organizations should monitor regulatory changes for both opportunities and potential risks to current operational frameworks. Source: [International Center for Law & Economics - June 2025](#)

Certificate of Need Regulations Under Review Certificate of Need (CCN) regulations provide for a "competitor's veto" and are explicitly designed for regulatory capture, according to legal analysis. These regulations particularly affect healthcare and social service nonprofits seeking to expand services or enter new markets. The administration's focus on reducing anticompetitive barriers may create opportunities for nonprofit expansion but could also increase market competition. Organizations should assess potential regulatory changes' impact on their strategic planning and competitive positioning. Source: [International Center for Law & Economics - June 2025](#)

Federal Register Activity Increases The Federal Register shows increased activity with multiple regulatory actions affecting nonprofits, including civil service reforms and federal program changes. The volume of regulatory activity creates significant compliance monitoring challenges for nonprofits with limited administrative capacity. Organizations must develop systems for tracking relevant regulatory changes or risk inadvertent violations. The rapid pace of change suggests sustained regulatory uncertainty requiring ongoing legal consultation. Source: [Federal Register - Monday, June 9th](#)

Nuclear Regulatory Commission Reform Executive Order 14300 ordering the reform of the Nuclear Regulatory Commission affects nonprofits involved in nuclear safety advocacy and research. The reform initiative may alter public participation opportunities and regulatory procedures affecting nonprofit advocacy efforts. Organizations working on nuclear issues should monitor implementation for potential impacts on their programmatic activities. The broad reform scope suggests significant changes to established regulatory frameworks. Source: [Federal Register - Monday, June 9th](#)

Administrative Procedure Act Limitations The Judicial Relief Clarification Act (S. 1206) would limit the scope of federal judicial relief, including injunctions and temporary restraining orders, so that only parties receive relief against government actions. This legislative proposal could significantly impact nonprofits' ability to challenge harmful federal actions through litigation. The restriction on nationwide injunctions would require multiple simultaneous challenges to achieve broad relief. Organizations should consider litigation strategies that address these potential limitations while they remain proposals. Source: [Nonprofit Champion - April 7, 2025 - National Council of Nonprofits](#)

Executive Order Review Process Changes President Trump issued four executive orders on regulatory processes, making changes to grant administration that appear to direct agencies to skip the typical public notice and public review process when changing federal regulations. This procedural change eliminates crucial opportunities for nonprofit input on regulatory development, potentially resulting in policies that fail to consider sector impacts. Organizations must develop alternative advocacy strategies to influence regulatory outcomes without traditional comment periods. The reduced transparency creates additional compliance challenges as regulations may change without adequate notice. Source: [Nonprofit Champion - April 21, 2025 - National Council of Nonprofits](#)

Federal Human Resources Regulatory and Legal Developments

Department of Labor Overtime Threshold Ruling A federal court in Texas on November 15, 2024, vacated and set aside new DOL regulations on a nationwide basis, restoring the white-collar exemption minimum salary threshold to \$684 per week (\$35,568 annually). This reversal affects nonprofits that implemented higher salary thresholds in anticipation of the federal increases. Organizations must decide whether to maintain higher salaries or reduce compensation to previous levels, considering employee morale and retention implications. The regulatory

uncertainty complicates budgeting and compensation planning for nonprofit employers. Source: [Changes in Nonprofit Compensation Rules for January 2025 - Nonprofit Financial Commons](#)

State Minimum Wage Increases Accelerate 21 states implemented minimum wage hikes, as well as 48 cities and counties, mostly in California, Colorado, and Washington, effective January 2025. These increases create significant budget pressures for nonprofits operating in multiple jurisdictions with varying wage requirements. Organizations must ensure compliance with the highest applicable minimum wage while managing operational costs. The geographic variation in requirements necessitates sophisticated payroll systems and careful legal compliance monitoring. Source: [Federal Employment Law Updates for 2025 - Western Growers Association](#)

Pregnant Workers Fairness Act Implementation Final regulations and interpretative guidance from the Equal Employment Opportunity Commission on PWFA went into effect on June 18, 2024, requiring reasonable accommodations for pregnancy-related limitations. Nonprofits with 15 or more employees face new accommodation obligations that may require policy updates and staff training. The expanded accommodation requirements could increase operational costs and administrative burdens for nonprofit employers. Organizations should review existing policies and develop procedures for handling accommodation requests to ensure compliance. Source: [What Nonprofit Employers Need to Know for 2025 - HR Daily Advisor](#)

Paid Sick Leave Expansion Continues Alaska, Missouri and Nebraska passed paid sick leave measures effective in 2025, while California, Massachusetts, Michigan, Minnesota and Washington expanded existing laws. The patchwork of state requirements creates complex compliance obligations for nonprofits with multi-state operations. Organizations must track varying accrual rates, usage restrictions, and eligibility requirements across different jurisdictions. The expansion trend suggests continued growth in employee leave entitlements requiring ongoing policy adjustments and budget planning. Source: [State Employment Laws Becoming Effective January 1, 2025 - The Horton Group](#)

Employment Discrimination Enforcement Increases There has been a rise in cases related to disability accommodations reflecting employees' heightened awareness and enforcement of workplace rights. Nonprofits face increased scrutiny regarding accommodation practices and may encounter more discrimination claims. The heightened enforcement environment requires proactive compliance efforts and comprehensive staff training programs. Organizations should review accommodation procedures and consider legal audits to identify potential vulnerability areas. Source: [HR Compliance Essentials for Nonprofit Organizations in 2025 - GoCo.io](#)

Multi-State Employment Law Coordination Connecticut's PSL law amendments apply to employers with 25 or more employees starting January 1, 2025, removing previous nonprofit exemptions. The elimination of nonprofit exemptions from employment laws continues across multiple states, reducing special protections previously available to the sector. Organizations must adapt to full commercial employer requirements while maintaining mission focus and managing increased operational costs. The trend suggests nonprofits should anticipate similar changes in other states and prepare accordingly. Source: [2025 California Employment Law Update - Norton Rose Fulbright](#)

IRS Regulatory and Legal Developments

Tax-Exempt Status Revocation Procedures Clarified Neither the President, the Justice Department, the Treasury Department, nor the IRS have the ability to revoke the federal tax-exempt status of any entity through Executive Order or with the mere stroke of a pen. This clarification provides important protection for nonprofits facing political pressure but does not eliminate audit risks or administrative challenges. Organizations should understand that while summary revocation is not possible, individual audits remain a significant threat requiring proper documentation and compliance. The established procedures provide due process protections but require substantial resources to navigate successfully. Source: [Nonprofits Under Fire: How the IRS Can—and Cannot—Revoke Federal Tax-Exempt Status - Nonprofit Quarterly](#)

Form 990 Filing Requirements Unchanged Most charitable nonprofits recognized by the IRS as tax-exempt have an obligation to file IRS Form 990 by the 15th day of the 5th month after the end of the organization's accounting period. Despite regulatory upheaval in other areas, basic filing requirements remain stable, providing nonprofits with consistent compliance obligations. Organizations should maintain focus on fundamental tax compliance while addressing new regulatory challenges. The stability of filing requirements offers a foundation for compliance planning amid broader uncertainty. Source: [Federal Filing Requirements for Nonprofits - National Council of Nonprofits](#)

Automatic Revocation Risks Continue If a nonprofit fails to file its Form 990 for 3 consecutive years, its tax-exempt status will be automatically revoked. This mechanical revocation process remains unchanged and represents a significant risk for organizations facing operational disruptions from other regulatory challenges. Nonprofits must maintain filing compliance even while addressing other administrative burdens from new regulations. The automatic nature of this penalty makes it particularly dangerous for organizations with limited administrative capacity. Source: [Federal Filing Requirements for Nonprofits - National Council of Nonprofits](#)

Public Service Loan Forgiveness Changes President Trump's March 7th Executive Order ordered regulations that exclude from the federal Public Service Loan Forgiveness program nonprofit organizations that the administration believes do not qualify for 501(c)(3) status due to having a "substantial illegal purpose". This policy change affects nonprofits' ability to attract and retain qualified staff who rely on loan forgiveness programs. The subjective determination of "substantial illegal purpose" creates uncertainty about which organizations might be excluded. Staff recruitment and retention strategies may require adjustment to address reduced loan forgiveness availability for certain positions. Source: [Nonprofits Under Fire: How the IRS Can -- and Cannot -- Revoke Federal Tax-Exempt Status - The Nonprofit Alliance](#)

About Nonprofit Management Navigator

Nonprofit Management Navigator is a trade name of PMG46, LLC doing business as Nonprofit Management Navigator. Nonprofit Management Navigator provides this complimentary weekly

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