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**The Nonprofit Sector and Philanthropy in
the United States in the Trump Era:
An Outline of Selected Moves and Pressures
Against the Sector¹**

By Mark Sidel

The situation for philanthropic and nonprofit institutions in the United States at this time of political upheaval is quite unsteady. This is even more the case for foundations and nonprofits that have been specifically targeted by the current US presidential administration, but the regulatory and legislative moves attempted or taken by the administration have set much of the American philanthropic and nonprofit sector on edge, even when organizations have not been particularly targeted.

The expressed goal of the Trump administration has been to rein in, defund, and in some cases close down a range of selected policy- and advocacy-oriented nonprofits and foundations, as well as other parts of US civil society and some selected institutions of higher education. The current administration has used two key means toward that end: Policy

and regulatory initiatives against the sector, and the targeting of specific foundations and nonprofits.

The policy and regulatory initiatives against the American philanthropic and nonprofit sector, not all of which have yet been successful, include targeting, reducing and cutting off government funding through nonprofits, including a substantial reduction in domestic and foreign funding through nonprofits, most significantly typified by the virtual destruction of the US foreign aid capacity through the US Agency for International Development (US AID) in the first months of the Trump administration.

The administration has taken a number of other regulatory and policy moves against the sector, some successful and some not yet successful. Those have included targeting tax policy, through seeking to increase the private foundation excise tax by raising tax rate for larger foundations (not yet successful as of fall 2025); increasing the excise tax for private universities and colleges (on a student-adjusted basis); exploring redefinitions of what

¹ This Observatorium brief is an updated and expanded version of a talk given at the Maecenata Stiftung in Berlin in June 2025. My thanks to Ansgar Gessner, Rupert Graf Strachwitz and their colleagues for these invitations.



constitutes “charitable” in American tax law, for example the exploring of eliminating certain kinds of groups from the definition of charitable, and thus challenging the tax exemption available to them; other challenges to or restrictions on tax exemption.

Along with this the Trump administration has targeted nonprofit and philanthropic institutions through attacks on diversity, equity, and inclusion (DEI), beginning with Executive Order no. 14173 that was issued on January 21, 2025, the day after the administration took office. That Executive Order specifically targeted large private foundations and large universities, among other civil society groups.

All of these moves have been accompanied by a rapid increase in executive and legislative branch investigations against a wide range of nonprofit and philanthropic entities. The International Center for Not-for-Profit Law (ICNL) has identified dozens of these investigations, including investigatory communications and letters, that have been initiated by a variety of executive branch agencies and Congressional committees and subcommittees since January 2025. As just one example, in October 2025 the Senate Finance Committee targeted the Gates Foundation, the Ford Foundation, and the Rockefeller Brothers Fund with investigative letters seeking detailed information on those funders’ work in China, including actions that were characterized as supporting the Chinese Communist Party.²

Other steps have included new executive branch orders and other documents that seek to target American nonprofit and philanthropic organizations on the basis of domestic terrorism, and other grounds. The administration and some in Congress are also seeking to relax the regulations that allow the executive branch to decertify certain nonprofits through terrorism-based designations and have taken additional steps to target foreign funding and foreign influence.³

In the spring of 2025, there were significant indications that the administration was considering issuing an Executive Order that would have placed limits on certain foreign funding from the United States. It was not clear whether such an Order would have restricted or banned outbound foreign funding based on countries (such as, for example, targeting China and other countries), or whether it would have targeted certain types of funding, such as support for work on climate change.

That Executive Order or other action against outbound foreign funding has not yet appeared, and there have been some indications that some faith-based funders sought to limit or slow that process, perhaps concerned that restrictions on outbound philanthropic funding would limit their own work as well. Outbound funding restrictions could still appear as an order from the administration, or perhaps through Congressional action.

² For more information on the wide range of investigations and investigatory letters underway, see, among other sources, International Center for Not-for-Profit Law, *U.S. Congressional Investigations Targeting Nonprofits: Analysis* (June 2025), at <https://www.icnl.org/post/news/congressional-investigations-targeting-nonprofitsanalysis>.

³ This effort includes new Presidential actions in the fall of 2025 that target nonprofits and foundations among other groups, including the Executive Order *Designating Antifa as a Domestic Terrorist Organization* (September 22, 2025), at <https://www.whitehouse.gov/presidential-actions/2025/09/designating-antifa-as-a-domestic-terrorist-organization/>, and the Presidential Memorandum *Countering Domestic Terrorism and Organized Political Violence* (September 25, 2025), at <https://www.whitehouse.gov/presidential-actions/2025/09/countering-domestic-terrorism-and-organized-political-violence/>.

At the same time as these and other federal and Congressional initiatives and investigations have been launched against foundations and nonprofits, conservative states have also become much more active in enacting state legislation that seeks to limit certain kinds of nonprofit and philanthropic activity.

Such state legislation has, in various states, targeted or sought to target inbound funding from overseas organizations; charitable solicitation by American nonprofits in those states; and other areas. The state legislation centered in 2025 that has sought to target foundations and nonprofits and other parts of American civil society is part of a much broader array of state legislative restrictions on American civil society in recent years.

Those broader moves, also catalogued in detail by the International Center for Not-for-Profit Law (ICNL), have focused on restricting protest activities at the state level; restricting lobbying on behalf of certain foreign countries; and state counterparts to the Foreign Agents Registration Act at the federal level. States have even adopted “anti-mask” legislation in the wake of Covid to attempt to prevent protesters and demonstrators from anonymous activities.⁴

And these various moves targeting American civil society do not even include in this short brief the variety of initiatives taken against American higher education, including cutting off research funding; dramatically reducing overhead cost rates; investigations of diversity, equity and inclusion programs in universities and colleges, and a variety of other moves against the American higher education sector. The scope of this brief article does not

permit detailed discussion of the attacks on higher education in the United States, which have been covered in detail in the national press and the education media.

Beyond the regulatory and policy moves that the Trump administration is taking, the administration has also sought to target an array of specific nonprofit and philanthropic organizations. The executive and legislative branch investigations of specific foundations and nonprofits are one aspect of this more specific organizational targeting. So too are statements made by senior administration personnel that name certain organizations, such as the Open Society network (Soros), the Ford Foundation, the Gates Foundation, and other groups.

The result is that these organizations – many dozens of them, including those that are under investigation or have received investigation letters – are now spending extensive time and resources responding to the administration’s and Congress’s investigations and targeting.

Where does resistance to this targeting of American philanthropic and nonprofit life come from, in the first year of the Trump administration?

Resistance comes from three major sources. One is increasing public mobilization and protest; another is litigation seeking to blunt some of the administration’s moves; and a third is collective response from the foundation and nonprofit sector. Not all of these have yet been entirely successful, of course, but resistance is growing as the administra-

⁴ See, among other reports and data available, the information available at the ICNL United States Program page, at <https://www.icnl.org/our-work/us-program>, including State Foreign Influence Legislation Impacting Nonprofits (July 2025), at <https://www.icnl.org/our-work/us-program/foreign-agents-registration-act-2/state-foreign-influence-legislation-impacting-nonprofits>.

tion's acts against philanthropy and civil society, higher education, and other important areas of American society continue.

So we can say that the American philanthropic and nonprofit sector faces three overlapping crises in this new administration. First are the broader policy and regulatory threats embodied in Executive Orders, other Presidential and executive branch actions, executive and legislative investigations, and other initiatives. The second crisis is the even more serious situation faced by the dozens or perhaps hundreds of nonprofit organizations and foundations that have been specifically targeted by the Trump administration.

The third crisis, which results from this situation, is that the defunding and other attacks on American nonprofits has resulted in organizational reduction and closings at a pace unprecedented in recent American history. Hundreds if not thousands of organizations, from local grassroots groups to national service and policy organizations, have had to lay off anywhere up to 95% of their staff, and in a significant number of cases have had to close their doors or seek to merge rapidly with other groups.

All of this has occurred in less than a year of the new administration's term. We have little detailed sense of the new attacks that may come over the next three years, but the investigations underway, the criminal investigations of nonprofits and foundations promised by the Internal Revenue Service, and other moves show entirely no sense of tapering off. The most likely scenario is a continuation of the moves that the administration has undertaken or tried in its first year, and perhaps new attacks on the sector that have not yet been rolled out.

For American philanthropy, this is also a time of crisis – a crisis initiated in attacks by the American government and parts of Congress, exacerbated by the losses in nonprofit organizations and nongovernmental organizations that American foundations have worked with, in some cases for decades.

In their work abroad, American foundations and other private donors face a dual challenge. The US government is seeking to challenge some funding abroad, whether to certain causes like climate change or to certain countries, like China. At the same time, around the globe, a wide array of countries is continuing to restrict inbound foreign funding, and to constrain the kinds of programs and activities that external funders can support or engage in. In some cases, those efforts have accelerated.

This dual threat to the work of American philanthropy and private aid abroad is making American philanthropy – particularly organized philanthropy through foundations – increasingly peripheral in a number of countries, pushed to the corners of philanthropic activity by domestic restrictions in dozens of countries around the world as well as growing and threatened restrictions by the current US administration. All of these developments will bear close watching in the years ahead.

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