

February 5, 2025

Senator Ricketts,

As you are aware, the now-rescinded Memo sent to federal agencies from the Office of Management and Budget ordering a federal funding freeze led to confusion and concern among nearly every public, private and nonprofit entity in the state. We understand, however, that grants and contracts issued by federal agencies are still at risk, pending review for consistency with President Trump's Executive Orders.

As organizations in Nebraska that have been awarded and rely on federal funding to provide vital services and run programs developed to improve the wellbeing of all Nebraskans, we are writing to provide you with a preliminary analysis of the impact a federal funding freeze would have on the communities you represent.

Total federal funding obligated to Nebraska for FY25 is \$9.7 billion, with \$5.5 billion slated for grants. As you well know, these funds support a broad array of programs in Nebraska, everything from support for foster care programs to community services block grants to wildlife restoration to airport infrastructure.

The nonprofit sector employs one out of every 11 Nebraskans, and nonprofits are at the frontlines of delivering services to Nebraskans, with speed, efficiency and quality and often as the recipient of federal dollars.

The undersigned organizations have been compiling data and stories from our members that have already experienced or are likely to experience losing federal funding that supports their work due to the President's directives. Since the Office of Management and Budget issued their initial memo halting federal funding, we have received 77 responses from nonprofit entities across the state, describing the potential impact of a funding freeze or reduction in funding.

One agency representative said: "About 40% of our revenue is from several federal grants. None of our service lines are cash cows and the lack of income can cripple the entire agency. It is not just the pause, but the pause with very little direction or information that is harmful. It is hard to know what we are planning for or around."

Another described a "possible delay in a grant that would have supported further disaster case management following the tornadoes in April 2024. That specifically, in addition to the confusion around SNAP, Medicaid and LIHEAP has created panic among our stakeholders."

These nonprofit leaders who shared their stories with us described how they are working diligently to ensure continuity of services while also seeking to alleviate fear from their direct service staff and their clients. Many indicated that federal funding ranges from one-third to 60% of annual operating budgets. Significant cuts in funding will lead to layoffs as nonprofits are forced to scale back their operations.

We want to be clear that withholding federal funds will not simply eliminate programs dedicated to diversity, equity and inclusion or other administration priorities. The consequences to our communities that have improved the standard of living for all Nebraskans through these programs would be devastating and the hard-fought battles to ensure equal and fair treatment will be lost.

There will also be significant fiscal impacts to businesses and local and state governments who will be called upon to fill the funding voids left in their communities. Nonprofit organizations are partners with government and businesses to ensure funds are leveraged and most efficiently used to best serve our communities. When a vital partner is removed from the equation, the other partners and the community it serves suffer.

Please reach out if any of our offices can be of assistance to you or your staff.

Thank you,

Coalition for a Strong Nebraska, Nebraska Civic Engagement Table, Nonprofit Association of the Midlands, OpenSky Policy Institute, and Nebraska for Us

