



# CAUSE CONNECTION

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*Fallout of Funding Freeze Threat:*

## How Federal Cuts Would Strain Lehigh Valley Nonprofits

In late January 2025, the Trump administration issued a [memorandum temporarily halting federal grants and loans](#), aiming to reassess funding aligned with recent executive orders targeting programs associated with diversity, equity, inclusion (DEI), and environmental initiatives. This abrupt decision sent shockwaves through the nonprofit sector nationwide, with Lehigh Valley nonprofits projected to experience significant repercussions. While the [memorandum ordering a freeze was rescinded on January 29](#), President Trump soon thereafter issued a memo directing a sweeping further review of nongovernmental organizations (NGOs), including many domestic nonprofits. The resulting confusion and instability has served as a wakeup call about fiscal vulnerabilities of nonprofits nationwide.

### Immediate Impact on Lehigh Valley Nonprofits

In 2021, Pennsylvania nonprofits received a total of \$13.2 billion in government grants. According to [an analysis by the Urban Institute](#), should cuts of the type outlined in the memorandum go through, nonprofits in the Lehigh Valley would be among the most at risk in the Commonwealth. The 7th Congressional District (Lehigh, Northampton, and Carbon counties, with parts of Monroe) would be in the top three congressional districts with the biggest gaps to fill. Our region's nonprofits would also be among the most at risk of not covering their expenses should they lose their government grants.



Before the memo was rescinded, the funding freeze left many Lehigh Valley nonprofits facing uncertainty. Organizations such as Community Action Lehigh Valley (CALV), which relies on federal funding for about half of its budget, cautiously contemplated next steps. CALV Executive Director **Dawn Godshall** expressed concern about the strain on staff and resources. As an immediate consequence of the memo, Second Harvest Food Bank, one of CALV's cornerstone programs, [temporarily suspended](#) some food purchases due to the lack of clarity about federal reimbursements. **Alisa Baratta**, Executive Director of Third Street Alliance of Easton, said her agency scrambled to find contingency plans to assist low-income households with rent payments, noting the urgency of the situation as February rent due dates loomed.

## IN THE NEWS



### Mariska van Aalst Joins LVCF

[Mariska van Aalst](#) joined the staff of the Community Foundation in March 2025 as Program Officer, Community Impact & Policy. Her primary responsibilities include supporting and developing the Foundation's expanded role in government relations and advocacy work as well as managing arts programming.

Prior to joining the foundation, Mariska served as Lehigh Valley Regional Manager for **U.S. Senator Bob Casey, Jr.** and Deputy District Director for **U.S. Congresswoman Susan Wild**. Before her roles in government, Mariska was a professional writer and editor. She spent 10 years as a magazine and book editor at Rodale, Inc., then became a nonfiction book collaborator and co-wrote eight *New York Times* and *Washington Post* bestsellers. Her work is published in over 30 languages.

Mariska is a member of the inaugural cohort of the CORE Fellowship, the Executive Team of Resilient Lehigh Valley, and Muhlenberg Board of Associates. She was a founding board member of Seven Generations Charter School in Emmaus.

## Government Response and Legal Challenges

Local and state government officials reacted swiftly to the funding freeze. Bethlehem Mayor **J. William Reynolds** called a [press conference](#) and described the freeze as an “existential threat,” with the city potentially facing a shortfall of more than \$40 million in federal funding. Lehigh County Executive **Phil Armstrong** expressed deep concern about “a lot of money earmarked for a lot of things” that had to be placed on hold. Pennsylvania Governor [Josh Shapiro filed a lawsuit](#) against the Trump administration, arguing that the funding freeze was unlawful and jeopardized essential programs within the state.

The funding freeze faced many other legal challenges, with organizations like the [National Council of Nonprofits](#) filing motions to block the White House Office of Management and Budget (OMB) from pausing federal grants and loans. These legal battles highlighted the constitutional questions surrounding the executive branch’s authority over congressionally approved expenditures.

In response to these challenges, a federal judge in Washington, D.C., issued a temporary order allowing grant money to continue flowing until February 3, 2025. On January 29, OMB rescinded the memo, and by late February, Governor Shapiro announced that \$2.1 billion in federal funding had been unfrozen in Pennsylvania. While this specific moment of crisis passed, ambiguity about future direction remains and points to the need for nonprofits to put sturdy crisis plans in place.

## Broader Implications and Adaptations

The funding freeze [emphasized the acute vulnerability of nonprofits](#) that are dependent on federal grants. Nationally, government funding constitutes about 33 percent of the revenue for the nonprofit sector, with nearly 40 percent of all nonprofits applying for federal grants in recent years. The Urban Institute analysis showed that nonprofits in Lehigh and Northampton counties are particularly vulnerable to reductions in federal funding:

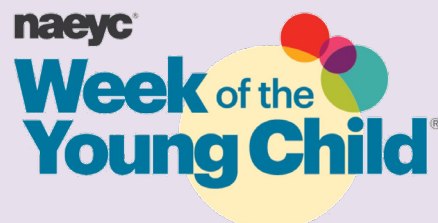
County	Government Grants #	Government Grants \$	% of 990 Fliers with Grants at Risk
Lehigh	161	\$482,499,091	69.5%
Northampton	101	\$168,819,793	71.2%

[Source: Urban Institute; National Center for Charitable Statistics 2021 501(c)(3) Charities E-file Data.]

## Looking Ahead

The crisis underscored the need for nonprofits to diversify their funding sources to mitigate such risks, as well as to expand their proactive advocacy. In the Lehigh Valley, nonprofits like CALV and Third Street Alliance have intensified efforts to secure local support, including increased community engagement and private donations. Many nonprofits in the region are stepping up their efforts to find alternative funding avenues to sustain their operations.

As legal proceedings move forward and the political landscape continues to evolve, nonprofits will need to remain vigilant to ensure the continuity of their vital services. The resilience demonstrated by the Lehigh Valley’s nonprofits during this period reflects their adaptability and community solidarity, essential qualities as they navigate an uncertain funding future.



The Lehigh Valley Community Foundation is proud to announce its role as the lead sponsor and an organizer of the Lehigh Valley Week of the Young Child 2025, a local celebration of the national initiative recognizing the importance of early childhood education and the vital role educators, families, and communities play in the lives of young children.

In partnership with the Lehigh Valley Early Childhood Education Collaborative (ECEC), the celebration will take place from April 5–11, 2025, featuring a week full of interactive events, community engagement, and recognition of early educators across the region.

“The Week of the Young Child is an opportunity to shine a light on the foundational work happening in early childhood education,” said **Megan Briggs**, Vice President of Community Investments and member of the ECEC. “At LVCF, we are honored to support and help organize this celebration, recognizing the incredible educators, caregivers, and families who dedicate themselves to nurturing our youngest learners.”

[Click here](#) to see all the activities. Join us for a virtual launch on Zoom, April 7th at 11:00 a.m. - [click here](#).

