



A PODCAST WITH RUSTY STAHL | S7 EP11

Nonprofits Made America *Defend Nonprofits! Defend Democracy! Series*

WITH
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Hi folks and welcome to the Fund the People Podcast and our new special series, “Defend Nonprofits, Defend Democracy.”

Why “Defend Nonprofits, Defend Democracy” you ask? Because powerful nonprofits are part of a strong democracy, and a strong democracy benefits from powerful nonprofits. When nonprofits are under attack, democracy is under attack. And when democracy is at risk, nonprofits are at risk. It’s clear that investing in the nonprofit workforce (both paid and unpaid) is crucial to building powerful nonprofits. The Trump Administration’s anti-American attacks on philanthropy and the nonprofit sector are already weakening our democracy. And these attacks are also destabilizing nonprofit jobs in the U.S. and around the world, and creating extreme and unnecessary strain on nonprofit people and the communities we serve.

So, building on the work Fund the People did in late 2024 to stop the Nonprofit Killer-Bill (HR 9495), we are launching our Defend Nonprofits, Defend Democracy Campaign to understand and frame the issues, inform the sector about what’s happening; and mobilize the sector and the country to protect and strengthen our treasured nonprofits. As part of that effort, we will be discussing these current affairs here on the podcast every other Wednesday morning on our Defend Nonprofits, Defend Democracy episodes. These episodes will provide valuable updates, commentary, analysis, calls to action, and special surprises, of course. On our non-DNDD weeks (Defend Nonprofits, Defend Democracy, we can also call it DND2), when we’re not doing these episodes, we’ll continue publishing our regular episodes that provide direct access to diverse voices, ideas, stories, research, and tools to help you invest in the nonprofit workforce.

I'm here in Maryland on a family trip recording this on Sunday, February 16, and this episode will be published on Wednesday, February 19, 2025. When this is published it will be five weeks - 31 days - of this second Trump Administration.

One of the underlying ideas that gets discussed often within the nonprofit community is that we should work ourselves out of business, and that one day we should no longer need nonprofits or philanthropy. We would either completely solve social problems, or build a government that addresses those problems. And thus we would not need nonprofits, we would not need to rely upon private, voluntary action for the public good to address social issues or take advantage of opportunity.

But even when the government does get it right, when the government is doing good things, the space for philanthropic and nonprofit assembly, speech, and advocacy is worth maintaining as part of our system. Because in addition to addressing problems created or not-addressed by government and business, the nonprofit sector is an important check on government and business and it's just a valuable part of our society, of our democracy. It doesn't get taught that way in our civic classes when they exist, it doesn't get taught that way in law school or political science or economics, or MBA classes. But the fact is, it's true, our nonprofit sector is part of our governance and our capitalist society. It's part of government, it's part of democracy, it's part of the marketplace as well. It's deeply embedded in American society and our systems.

In fact, the nonprofit sector actually predates the republic. Not-for-profit organizations have been part of America since before the Constitution, before the Bill of Rights, before the federal government even existed.

The Constitution became the official framework of the government in 1788, and the Bill of Rights was ratified a few years later in 1791. But nonprofits go way, way, way back, farther than 1788 or 1791. A few examples:

- In Native American tribal nations, there were and are [many customs of giving and receiving](#) including potlatches, giveaways, and feasts, as part of bonding communities together. Some of these concepts and ways of being embedded themselves into ideas about democracy and giving that remain part of U.S. culture as well as part of those tribal nations.
- Then when the European settlers came, they lacked any real governmental framework, and [they created charitable organizations](#) and other types of "voluntary" associations to knit their community together, including churches, schools, fraternal organizations and labor organizations.
- Skipping forward, 52 years before the Constitution, in 1736, Benjamin Franklin started the [Union Fire Company in Philadelphia](#) and he started other groups like the first Zoo in the country and one of the first universities, the University of Pennsylvania.
- 13 years before the Constitution, in 1775, the [Pennsylvania Abolition Society](#) was founded. It was one of the earliest abolitionist organizations in the United States - and I

did some googling around and it's actually still around, thanks to an endowment. Still kicking, I'll put a link in the show notes to the Pennsylvania Abolition Society.

- Robert Morris, one of America's early millionaires, not everyone thought he was a good guy but he [personally financed the American Revolution](#) for three years out of his own pocket. You might think of that as a kind of philanthropy.

And ever since the Constitution and Bill of Rights have been around, the nonprofit sector has been an important vehicle for bringing the First Amendment to life. From getting folks together, you know, for meetings in church basements, to planning worker organizing campaigns in union halls, to holding mass marches and rallies in the streets and on the National Mall – all of that is taking the freedom of assembly, the freedom of speech, the freedom to advocate for ourselves and making it real, in concrete terms for the American people.

While the First Amendment doesn't specifically reference freedom of nonprofits, our sector is nevertheless the manifestation of freedom of assembly, freedom of speech, and freedom to petition the government for the redress of grievances. And, with regard to freedom of religion and freedom of press, which are also part of the First Amendment, nonprofit organizations such as churches, mosques, synagogues, and other religious institutions are themselves nonprofits, and there are a growing number of nonprofit newspapers and media organizations, like Wikipedia, and we need more nonprofit press that is not controlled by the government, not owned by anyone, and not for-profit, but nonprofit. We need that as a part of a free and independent press.

It was interesting, preparing for this episode, I looked up when did tax exemption and tax deduction come into play for nonprofits. Tax-exemption for nonprofits didn't come into existence until the Revenue Act of 1909. And donations to nonprofits didn't become tax deductible until the Revenue Act of 1917. So, that's only a little bit over 100 years ago. By and large, throughout our history, nonprofits have earned our reputation as one of the most trusted institutions in society - more trusted than government or business by the American people.

And we saw during the first Trump Administration and their horrific response to the COVID-19 pandemic, that nonprofit workers and volunteers serve as first responders for communities.

And as we saw during the first Trump Administration and their lawlessness and particular policies that were damaging to communities, like the Muslim ban and the attacks on immigrants, nonprofits have served as essential bulwarks of our democracy.

So nonprofit traditions have evolved and grown in America for hundreds of years, again, way before the federal government, and way before lack of taxation or direct funding from the federal government became widespread. The right of nonprofits to exist and the legitimate role we play in society was recognized and embedded in the founding documents of our country and in our modern laws. We've been around and we will be around.

Now, many of the ideas and groups that the new Trump Administration is attacking were also targets of attacks in the first Trump Administration: immigrants, trans people, Palestinians,

European allies, the World Health Organization, climate change and the Paris global climate agreement. But there are three standout targets that are new this time around and they're pernicious attacks on DEI, on government itself and on America's nonprofit sector.

- The shutting down of DEI in the government has been a new feature of this administration. And they're trying to make that a reality, not just in government, but in private for-profit and nonprofit institutions as well. They're trying to make it illegal to acknowledge and celebrate the fact that America has diverse people in our schools, in our workplaces, in our society. This is an attack both on IDEA and on our HISTORY and on our current REALITY and on many, many people in our society. It's very, very dangerous.
- Second, we've had this attack on the government itself, these intensive efforts to raid and hack into key government agencies, like Treasury and Labor, among others. An effort to gut the federal workforce itself. We've had efforts to stop the government from doing anything - from freezing government aid and services in the US to American citizens, as well as around the world, by immediately shutting down USAID and trying to immediately stop all federal spending on grants, contracts, and other forms of assistance. Some of you may remember that the conservative movement's wet dream is to shrink the government so that it is small enough to be drowned in a bathtub. So it seems they are really working hard to fulfill their violent little dream. Hopefully they won't succeed, but they're on their way.
- And the third new attack is on civil society or the nonprofit sector. As I suggested they would do in my solo episodes back on January 15th (Season 7, Episode 6), the Trump Administration is using multiple methods to undermine, attack, and debilitate American nonprofits, foundations, and universities, as well as those NGOs around the world. While I often complain about government officials not being aware of the nonprofit sector and its role in our society, the Trump team certainly is aware of the powerful role that nonprofits play in social change and in our society. And they want to cripple the sector – at least the portions of it that deliver services to people in need on behalf of the government, and those that stand for social justice values and will stand up against the MAGA movement. As it turns out, we didn't have to wait for HR 9495 to come back in this administration. They took their first swings during their first couple weeks with executive action, since they likely know that Congress wouldn't go for much of what they're doing or they didn't even want to give it a chance. As you likely know by now, several of their Executive Orders coming from the Trump administration and their memoranda have specifically named and targeted nonprofits and foundations.

So we nonprofits have to defend against the attacks on ideas and communities, but we also defend against the attacks on our sector itself. So this is double-duty, but it is our duty. Because destroying the nonprofit sector is an authoritarian move that breaks down checks and balances, breaks down democracy, and breaks down the voice of any opposition.

Now, this month, The Trump Administration told one of the most pernicious lies ever created about U.S. nonprofits. On Thursday, February 6th, they issued a brief White House memo that ordered government agencies to review their funding for non-governmental organizations. They lied in this memo by saying that many federally-funded nonprofits “actively undermine the security, prosperity, and safety of the American people.”

But I know that the Trump Administration doesn't believe its own pernicious lie.

Because here at [Fund the People](#), we've developed some sophisticated new technology that we call TATTLES. TATTLES stands for the Trump Administration Translator Tool for Lies & Erroneous Schlock. So the acronym is: TATTLES. Using the Trump Translator Tool, we can interpret their political projection, using the I'm-Rubber-You're-Glue, Whatever-You-Say-Bounces-Off-Me-and-Sticks-to-You Algorithm. Using this tool, we produced the following translation of the Feb. 6 Memo. Here's what it really says:

“In just 3 weeks, we in the Trump Administration have significantly undermined the security, prosperity, and safety of the American people.

“We need to cook up some new fake enemies to blame for what we're doing.

“So we are hammering away at one of our latest targets: Nonprofit organizations. We've been softening the ground to scare them, defund them, silence them, undermine trust in them, and get rid of the pesky progressive ones if we can. Mr. Trump's friend Putin gave us the idea, from his president-dictator playbook in Russia, where he made it illegal to have any political parties, press outlets, and civil society organizations that reflected poorly on him.

“We started the attacks during the campaign, with Mr. Trump calling nonprofits ‘thugs’ and ‘sleazebags’ on his TruthSocial website. Then, Mr. Vance helped out by calling foundations and universities ‘cancers on society’, and putting forward a bill in the Senate that would have forced universities to clear student protest encampments or have the government steal half the money from their endowments. Then our little Nonprofit-Killer Bill (H.R. 9495) created the new term ‘terror-supporting organizations’, and linked nonprofits to those campus protesters who were trying to save Palestinian lives, and labeled them all terrorists. Once in office, we tried immediately to freeze all federal funding, a lot of which goes to nonprofits. But we got sued by those nonprofits, and those pesky courts forced us to pivot on tactics, because we're still pretending to obey court rulings for now. We sent out our press person to signal that this fight wasn't over, though. And, on February 6, we give you this memo, ordering federal agencies to “review” all their funding to nonprofits. So we're back, baby! We continue to hammer away at those nonprofits.

“After all, nonprofits are trusted by Americans much more than politicians and government are. They actually serve people, and help Americans live safer, happier lives, learn stuff, get jobs, breathe clean air, and advocate for their own civil rights. We cannot allow that to stand! It makes us look bad.

“So we are accusing them of doing what we are actually doing — ‘actively undermine the security, prosperity, and safety of the American people’. So everyone will look the other way. And we’ll use our new go-to excuse of cost-cutting as political cover.

“Extra bonus: Since Congress has approved all the funding we are trying to stop, and two courts already declared illegal our effort to freeze federal funding, this new memo doubles as a way to erode the authority of the other two branches of government, erode law and order, democracy, and the federal government itself, and build the unchecked power of our dude.”

So, that’s the end of the translation. That’s what the memo actually really said.

The attempts to immediately stop U.S. funding to NGOs around the world and in the U.S. has put our sector and our leaders in a state of dismay and fear.

But instead of feeling scared, disoriented, and disempowered, let’s remember: We nonprofit folks were born to handle bullies like this. We have personal and collective agency and power. We make something out of nothing every day. We take down evil-doers and evil-ideas in our sleep. So please, please, please remember to breathe. Hold your head up high. Don’t let political thugs steal your joy. Be proud of the work you do. And tap into that creative, entrepreneurial, innovative, resourceful core inside of you to figure out what you can do, whether big or small, to stop bad things from happening and make good things come from this crisis.

I want to give a shout out, because we all owe a big debt of thanks to the National Council of Nonprofits for their lawsuit with Democracy Forward and other partners that stopped the federal funding freeze that was declared by that original OMB Memo. Thankfully that stopped a total burning down of federal funding to nonprofits. We’ll post info for you in the show notes about the lawsuit and a [webinar](#) about it that was recorded by the National Council of Nonprofits on Feb 7th. We’ll post the chart they created about the executive orders and memos and their impacts on nonprofits since the beginning of the administration, along with a lot of other curated resources from across the field. So be sure to check out the show notes for this episode.

With their Feb 6 memo, the Trump Administration showed that although they failed to freeze federal funding, they will pivot on tactics to continue their campaign to erode support for nonprofits and the federal government.

As they continue to attack and scapegoat communities, we in the nonprofit sector must continue to defend racial equity, LGBTQ people, immigrant and refugee families, and vulnerable people around the world. And, equally, as they continue to attack and scapegoat nonprofits themselves, we must continue to defend the nonprofit sector, nonprofit workers, social movements and civil society.

Not just our own individual organizations, but the nonprofit system itself.

The sector is formalized with the tax-exemption and tax-deduction benefits maintained by the IRS in the executive branch. But our sector goes far beyond that. America's nonprofit tradition existed before the Constitution. It is enshrined in the First Amendment to the Constitution. It is structured through U.S. law passed by Congress. Beyond that, the nonprofit sector is embedded in the hearts, minds, history and habits of the American people. Through voluntary association, voluntary giving, and voluntary services.

Just as the Trump Administration keeps finding new ways to attack nonprofits, we must find new ways to maintain nonprofits. It is the mandate of this generation to sustain and protect the sector in the face of attacks coming from the politicians who are now running the executive branch of our government.

So, final words here. Remember: Defend Nonprofits, Defend Democracy!

Be sure to follow Fund the People on LinkedIn, and I will talk to you next week.

SHOW NOTES:

- <https://www.learningtogive.org/resources/native-american-philanthropy>
- <https://causeinspiredmedia.com/news-article/brief-history-tax-exempt-sector/#:~:text=The%20Wilson%2DGorman%20Tariff%20Act,exempt%20status%20for%20charitable%20organizations.>
- <https://www.franklinva.com/government/departments/fire-and-rescue/fire-and-rescue-history/>
- <https://www.paabolition.org/>
- [https://en.wikipedia.org/wiki/Robert_Morris_\(financier\)](https://en.wikipedia.org/wiki/Robert_Morris_(financier))
- National Webinar: *Executive Actions and their Impact on Charitable Nonprofits* (57:38) [recording](#) and [slides](#), National Council of Nonprofits, Feb. 7, 2025.
- [The Impacts of the Recent Executive Orders on Nonprofits](#), National Council of Nonprofits, updated regularly.
- [Webform: Effects of Executive Actions on Nonprofits](#) – Please complete if your organization is continuing to experience issues with federal funding
- [Resources to navigate uncertainty](#), Minnesota Council of Nonprofits, Feb. 7, 2025.
- [Contact your members of Congress](#)