

WHEN YOUR
CAA'S UPCOMING
FISCAL YEAR IS
UNCERTAIN:
A GUIDE FOR
COMMUNITY ACTION
AGENCY BOARDS



August 2025

The end of a federal fiscal year and the start of the next is always a complex time for federally-funded nonprofits like Community Action Agencies (CAAs). In recent years, Congress has often failed to pass a full budget or fully appropriate funding by the start of the new federal fiscal year, making Continuing Resolutions (CR) and threats of a government shutdown the norm. While that drama plays out in Washington, CAAs and other community-based organizations must continue their critical work of serving the community, often without certainty about their future budgets or funding levels.



The **Federal Fiscal Year** (FFY) runs from October 1 to September 30. The FFY may not align with your state or program contract periods. Know how your contract periods align with the FFY to accurately evaluate your agency's funding position.

CAAs are experts at navigating this complexity. The balance of spending down current funding, delivering services, and waiting on new contracts is so routine that the board of directors may not even realize it is happening. Although CAA Executive Directors/CEOs navigate these complexities, the board is ultimately responsible for the oversight of the CAA and ensuring its financial and mission sustainability. Board awareness and engagement are essential, especially during periods of uncertainty and risk.

Why is this tool important in the fall of 2025?

The federal budget for FFY2026 is still unresolved, and the path forward remains uncertain. While some proposals would maintain key Community Action funding, others call for significant cuts or eliminations.

With no agreement yet between the House, Senate, and Administration, this fall could bring a short-term or full-year CR, a final budget deal, or even a government shutdown. Even when funding is approved, delays, rescissions, or canceled grants could still impact agency operations.

Operating in uncertainty is inevitable, but intentional good governance, engagement, and appropriate planning can help boards be ready no matter what the future holds. This guide is designed to help boards engage in that work by outlining four priorities for operating through uncertainty along with a summary of developments to watch, suggested board agenda items, recommended actions, and links to relevant resources.

A **Continuing Resolution (CR)** allows the government to operate temporarily by continuing prior-year funding levels. A short-term CR extends uncertainty until a full-year agreement is reached.



FOUR PRIORITIES FOR OPERATING THROUGH UNCERTAINTY

1

Prepare for Strategic Action

Boards must be proactive, making space for informed decision-making and deeper strategic discussions. Regular updates from leadership and clear communication help boards stay aware and act quickly when needed.

2

Understand the Landscape

Boards need a solid grasp of their agency's finances and the external funding environment, including potential risks and unknowns. Exploring likely scenarios helps prepare the agency for whatever changes may come.

3

Plan for Multiple Scenarios

With clear priorities and insights, boards can create plans and strategies to reduce risks and prepare responses for different funding outcomes. Defining roles and actions for delayed or reduced funding helps protect the agency.

4

Elevate Community Action

Boards play a key role in raising the CAA's profile to strengthen support and protect its position. Strategic engagement with elected officials and the community ensures your CAA's impact is understood amid shifting funding and priorities.

PREPARE FOR STRATEGIC ACTION

To navigate dynamic and uncertain times, **boards must be proactive, well-informed, and ready to act.** That means creating space for informed decision-making and deeper strategic discussion, which is not always easy within already packed board meeting agendas.

CAA boards are fiduciaries with a legal obligation to act in the CAA's best interests. They set direction and provide oversight for sustainability, while day-to-day operations are managed by the Executive Director and staff.

CAA board meeting schedules vary (some meet monthly, while others convene bi-monthly or quarterly), but **boards may need to increase meeting frequency, use committees differently, or add special meetings or retreats** to stay responsive during rapidly changing times. Even boards who meet regularly may benefit from setting aside focused time to assess priorities, explore scenarios, and develop strategies. Boards may also integrate strategic discussion into regular meetings and schedule special meetings or retreats for deeper engagement.

To make informed decisions, boards need consistent, relevant updates to understand shifting conditions and their impacts. **Develop a communication plan** that includes regular updates from leadership and protocols for communicating time-sensitive developments. Identify what kinds of changes (such as major funding shifts or disruptions or new policies) should prompt board notification and discussion.

Boards should also ensure they are prepared to act quickly if needed. **Review the authority and responsibilities of the Executive Committee** to clarify how decisions will be made between board meetings, and define what role the board and staff may play in supporting rapid response.

Decisive action will require a shared understanding of priorities. **The board should identify what matters most to your CAA**, including who or what must remain its top priorities; which programs and services are essential to your mission; and the principles that should guide decisions. This is also a good time to review your strategic plan for guidance or to consider updates to help navigate what's ahead.

Tools and Resources for Strategic Action

- **Nonprofit Risk Management Center** – [Communicating During a Crisis](#)
- **National Community Action Partnership** – [Community Action Board Discussion Guide for Uncertain Financial Times](#)
- **National Community Action Partnership** – [Community Action Scenario Planning Toolkit](#)

UNDERSTAND THE LANDSCAPE

To make good decisions, boards need to understand the landscape, both internal and external. This includes the current state, potential changes and risks, and their impacts.

Start by reviewing the current funding landscape for the Community Action Network, including the status of key funding streams (Community Services Block Grant (CSBG), Head Start, Weatherization, Housing, Low Income Home Energy Assistance Program (LIHEAP), Women Infants and Children (WIC), Medicaid, etc.) along with any available guidance from your State Office or other funders. **Consider what federal, state, and local shifts or broader dynamics could also affect the organization**, including any unknowns that could pose risks.

The board also needs a deep understanding of the CAA's current financial state. This involves going beyond (important) regular financial reports to understand what assets the organization has, the liquidity and flexibility of those assets, and its liabilities and obligations.

CAAs receive a mix of funding, including funding directly from the federal government as

well as federal funding that is passed through by state or local governments. **The board should review its key funding sources, their funding periods, and which may be impacted** in case of a government shutdown or if it were not funded in the 2026 federal budget.

You don't have to create an in-depth scenario for every possibility. **Focus on the scenarios that are most likely and most impactful**, and use those as a starting point for planning.

With the possibilities identified, the board can ask the Executive Director and staff to develop models of what those impacts would mean specifically for the organization. It's important to **explore a range of potential futures** (whether funding is maintained, reduced, eliminated, or delayed) and to understand how each scenario could affect the organization's financial health, operations, continuity of services for various programs, and the broader community.

Tools and Resources for Understanding the Landscape

- **National Community Action Partnership** – [Community Action Scenario Planning Toolkit](#)
- **Roll Call** – [Policy and Appropriations News](#)
- **Congress.gov** – [Appropriations Status Table](#)

PLAN FOR MULTIPLE SCENARIOS

With board alignment on organizational priorities, an understanding of your current state, and insight into how multiple scenarios may affect the organization, you can begin planning. This involves identifying actions to take now to reduce risk and preparing responses in case scenarios occur. Scenario plans and their action steps do not have to be complicated or cumbersome. They provide the board with a starting framework should the worst (or best) happen. **Focus your planning on scenarios with the highest likelihood and greatest impact, remembering the goal is not to predict the future perfectly but to ensure your CAA is ready to act.**

Boards can take proactive steps to reduce financial and operational risks before scenarios unfold. Examples include reviewing cash flow projections, reducing or delaying discretionary spending, and maintaining open communication with funders.

When developing scenario plans, **identify what steps the board will need to take** if funding is maintained, significantly reduced, delayed, or eliminated. **Clarify what meetings or decisions would need to happen, what communications would be necessary, and which actions would be delegated to the Executive Director or Executive Committee.** Be clear about when each scenario plan should be deployed, and **ensure all decisions and thresholds for action are documented in the board minutes.**

One common, high-impact risk at the beginning of a new fiscal year is delayed contracts.

In these cases, your CAA will need to decide whether to operate programs without confirmed funding or to suspend services. There is no guarantee that the agency will be reimbursed for services delivered during the contract gap, which poses significant financial risk. **The board must carefully evaluate this risk and determine how long the agency can operate without a contract to protect both the organization and the community it serves.**

It's important for boards to work closely with agency leadership to **develop contingency budgets and cash flow projections based on different scenarios**, such as funding delays or reductions. These financial plans enable the organization to anticipate challenges, prioritize essential services, and make informed decisions quickly when the situation changes.

Tools and Resources for Planning for Multiple Scenarios

- **National Community Action Partnership – [Community Action Board Discussion Guide for Uncertain Financial Times](#)**
- **National Community Action Partnership – [Community Action Scenario Planning Toolkit](#)**



ELEVATE COMMUNITY ACTION

Raising the visibility of Community Action is not about branding or recognition for its own sake, but a strategic response in a shifting landscape. As federal and state priorities change, agencies that are visible, trusted, and well-understood are better positioned to sustain funding and therefore, their missions. **Elevating your CAA's profile helps ensure that key decision-makers see Community Action as essential infrastructure and a vital partner in addressing poverty and building community resilience.**

In late summer 2025, the National Community Action Foundation (NCAF) launched the *Communities in Action Together* campaign to increase awareness of the impact of Community Action, engage strategically with elected officials and communities, and to garner support for the Community Action movement. Boards should **review the campaign materials and explore ways your CAA can support efforts to elevate and protect Community Action** (such as writing op-eds, hosting public events, or inviting your Congressional Representative for a visit to your CAA). Use this moment to reinforce your CAA's value and deepen relationships with local representatives. **Discuss your local representative's record of support for Community Action and consider how your CAA can thank or further engage them.** Also consider how your agency can support Community Action priorities in the final stages of the FFY2026 appropriations process.

Always remember to thank your elected officials for their engagement and support of Community Action!

Boards should encourage members to actively serve as ambassadors for the agency by sharing the impact and value of Community Action in their own networks, including business, philanthropic, government, education, faith, or civic spaces. Members should look for opportunities to speak about the agency's role and contributions, helping build broader understanding and support through everyday conversations.

Your CAA is one of about 1,000 agencies nationwide and part of a broader state and national network. Thoughtful, coordinated engagement across these levels is key to protecting Community Action's role and impact for years to come. **Boards should discuss how they will support visibility efforts locally, and how they can collaborate with other CAAs in shared Congressional districts to speak with a unified voice.**

Tools and Resources for Elevating Community Action

- **National Community Action Foundation –** [Subscribe to CAPFacts](#)
- **National Community Action Foundation & National Community Action Partnership –** [Communities in Action Together: Media Toolkit](#)
- **National Community Action Partnership –** [Community Action Brand Guide](#)

Looking Ahead

Whatever happens after October 1, your CAA's work remains essential. The board's responsibility is to stay informed, prepared, and focused on decisions that sustain your agency and serve the community. The points below can help guide planning in the months ahead.



Use your executive committee wisely. Clearly define its authority to allow for swift action in urgent situations, and processes to keep the full board informed.



Invest in your board's readiness. Ensure bylaws are current, offer ongoing training, and maintain effective communication channels to support strong governance.



Stay nimble and ready to pivot. Use regular check-ins and key indicators to spot risks and adjust course quickly as conditions shift.



Be ready for rapid developments. Understand that staff may need to make programmatic or personnel decisions on short notice in this dynamic environment.



Don't let the crisis distract you. Establish decision-making filters and processes to keep the board focused on what matters most.



Center decisions in your mission. Use your mission to guide priorities and uphold the Promise of Community Action.

NCAP is here to support CAAs through uncertainty.

We offer a range of assistance to help agencies think strategically and stay ready to act. NCAP staff can:

- **Join virtual board or committee meetings** to help facilitate discussions on organizational priorities, scenario planning, and board readiness.
- **Provide in-person technical assistance** or facilitate meetings and retreats for deeper engagement. *(Note: Travel and professional service costs would be covered by the CAA.)*
- **Connect you to tools, templates, and guidance** tailored to the your agency's needs.

Contact us at CSBG@communityactionpartnership.com to learn more or request support.





APPENDIX I: CAA BOARD CHECKLIST FOR NAVIGATING UNCERTAINTY (FALL 2025)

This checklist is designed to support CAA leadership in helping their boards take timely action during periods of uncertainty. While it won't solve every challenge, it can help ensure your board is informed, actively engaged, and equipped to make decisions that uphold your mission and keep your agency moving forward.

1. Review the Current Funding Landscape -

Understand the CAA's funding status and risks

- ☐ Review the status and risk of all key CAA funding streams
- ☐ Review FFY 2026 contracts received and those that remain pending
- ☐ Identify which funding streams are most at risk and which appear stable
- ☐ Review any available guidance from state offices or other funders
- ☐ Identify which funding sources would be affected by a government shutdown
- ☐ Clarify board and ED/CEO roles and responsibilities with funding disruption
- ☐ Discuss how long to provide services without confirmed funding or contracts
- ☐ Consult with legal counsel regarding funding uncertainty and its implications

2. Assess Financial Wellbeing - Evaluate the

CAA's financial resilience and obligations

- ☐ Ensure the board understands the agency's current financial position
- ☐ Review available cash, reserves, and the liquidity of assets
- ☐ Identify all outstanding liabilities and financial obligations
- ☐ Review the agency's line of credit, including terms and availability
- ☐ Estimate how long the agency can function under various delay scenarios
- ☐ Review 2025 delay responses and if those options are still available
- ☐ Ensure all required payments (such as payroll taxes) continue
- ☐ Review the agency's reserve policies and ensure they align with current risks



APPENDIX I: CAA BOARD CHECKLIST FOR NAVIGATING UNCERTAINTY (FALL 2025) CONT.

3. Reaffirm Mission and Priorities - Keep your focus on what matters most

- ☐ Review the agency's mission, vision, and core values
- ☐ Identify the programs, services, and operations to preserve
- ☐ Clarify what is most important to maintain during disruptions
- ☐ Create a decision filter to guide choices in uncertain conditions
- ☐ Review your strategic plan for guidance and consider any needed updates

5. Support Good Governance - Ensure the board is prepared to lead through uncertainty

- ☐ Confirm the board meeting schedule is sufficient for next three to six months
- ☐ Clarify Executive Committee and ED/CEO authority between meetings
- ☐ Confirm bylaws support decision-making and reflect current needs
- ☐ Review protocols for board involvement in time-sensitive or emergent decisions
- ☐ Set expectations for board updates, including content and timing
- ☐ Document all major decisions for transparency and institutional continuity

4. Develop Scenario Plans - Anticipate disruptions and prepare responses

- ☐ Confirm that the CAA has conducted sufficient scenario planning
- ☐ Review action steps the board would need to take in various scenarios
- ☐ Clarify when to activate scenario plans and how decisions will be made
- ☐ Document all thresholds, triggers, and related decisions in board minutes
- ☐ Confirm board and staff roles and responsibilities during each scenario

6. Support Communities in Action Together - Promote and protect Community Action

- ☐ Review NCAF's *Communities in Action Together* campaign materials
- ☐ Discuss planned engagement (e.g., op-eds, events, Congressional visits)
- ☐ Review how the CAA engages with its Representative, or why it might not
- ☐ Discuss your Representative's record of support for CSBG and other programs
- ☐ Say thank-you to your Representative if they have shown support
- ☐ Encourage board members to share Community Action's value



APPENDIX II: MONTHLY BOARD ACTION GUIDE FOR NAVIGATING FUNDING UNCERTAINTY (FALL 2025)

This appendix provides Community Action Agency (CAA) boards with a month-by-month roadmap to navigate potential funding disruptions and operational challenges during the FFY 2026 budget cycle. It highlights key discussion topics, decision points, and recommended actions.

August 2025

Agenda and Discussion Items:

- Current Community Action funding landscape (CSBG, Head Start, LIHEAP, WX, etc.) and potential scenarios
- *Communities in Action Together* campaign materials and local elected officials' support for Community Action
- Organizational priorities — mission-critical programs and principles to guide decisions
- CAA's financial status including assets, liquidity, liabilities, and timing of funding

Actions to Take:

- Develop a strategy to support the NCAF *Communities in Action Together* campaign (meeting elected officials, op-eds, events)
- Begin/continue scenario planning for funding reductions, delays, or eliminations

October 2025

Agenda and Discussion Items:

- Status of contracts received, key funding status, and remaining unknowns
- Prioritization of services and mission-critical work under current funding realities
- Strategies for long-term resilience, including funding diversification and visibility

Actions to Take:

- Implement scenario and action plans as appropriate
- Communicate promptly with staff, partners, and community stakeholders about service impacts or changes

September 2025

Agenda and Discussion Items:

- Congressional budget process updates and potential risk of a government shutdown
- Updated funding status and guidance from funders
- Review of how long programs can operate without confirmed funding or contracts
- Review of CAA's navigation of the past funding delays and successful strategies

Actions to Take:

- Refine scenario plans based on the latest financial data and develop response triggers
- Define what actions the Executive Committee and Executive Director are authorized to take and document in board minutes





APPENDIX III: SAMPLE BOARD RETREAT AGENDA (FALL 2025)

Use this sample board retreat agenda to help you plan for a focused conversation about preparing to respond to the shifting landscape. You can amend this as needed to meet your organization's needs, or integrate these agenda items and questions into a regular meeting agenda as time allows.

I. Welcome and Purpose

- a. Recite the Promise of Community Action
- b. Review purpose and goals of the retreat

II. Review of the Current Landscape

- a. Overview of the current funding environment
- b. Key updates from national and state partners
- c. Organizational capacity: recent challenges, risks, and emerging issues
- d. Review possible scenarios and potential impacts

III. Organizational Priorities

- a. Review of CAA strategic plan and current organizational priorities
- b. Based on the current landscape, what decisions may be required from the board in the coming months?
- c. What guiding principles should we use to make those decisions?
- d. What are our top two to three priorities through this period?

IV. Action and Response Planning

- a. Based on the landscape, scenarios, and our priorities, what actions are needed to protect our mission and capacity?
- b. Clarify who has decision-making authority for urgent needs between meetings
- c. Define how the board will stay informed and engaged as things evolve

V. NCAF's Communities in Action Together Campaign

- a. How can our CAA engage in the *Communities in Action Together* campaign?
- b. How can our CAA support the state and national Community Action movement?

VI. Wrap-Up and Next Steps

- a. Confirm immediate next steps, timelines, and responsible parties



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