

Abstract

The nonprofit sector faces unprecedented federal funding disruptions as government shutdown threatens with September 30 deadline while none of 12 appropriations bills are signed. Trump administration's executive orders assert political control over grants, freeze foreign aid, and target DEI programs through new DOJ enforcement initiatives. Supreme Court allows temporary freeze of billions in aid payments. Foundation overwhelm demonstrates crisis scale with Samueli Foundation receiving 1,242 applications totaling \$250 million against just \$10 million available. Workforce crisis deepens with 23,000 documented job losses, 74.6% reporting vacancies, and volunteer participation declining 23% since 2019. Proposed PSLF restrictions threaten recruitment advantages. States provide limited relief through targeted funding while regulatory compliance burdens increase across multiple agencies requiring immediate organizational adaptation strategies.

September 15, 2025 Navigator Update: Including September 30 Budget Deadline, Employment Woes, Foundation Overwhelm and More!

From Nonprofit Management Navigator

Please see Understanding This Information and Disclaimer at the conclusion of the article

Introduction


This week's update reveals the depth of challenges facing nonprofit organizations as federal funding uncertainty reaches crisis levels. With fiscal year 2025 ending September 30 and no appropriations bills signed, organizations confront potential government shutdown alongside unprecedented political interference in grant processes. The Trump administration's August 7 executive order asserting direct control over federal grants, combined with Supreme Court-allowed foreign aid freezes, creates operational uncertainty affecting global health, education, and social service programs. Foundation data demonstrates overwhelming need exceeding available resources by twenty-five to one ratios. Workforce challenges compound these funding pressures as both paid staff shortages and volunteer participation decline significantly. State responses provide limited relief while regulatory compliance requirements expand across multiple federal agencies. Organizations must implement immediate contingency planning while adapting to rapidly evolving operational environments.


Priority Legend

Priority indicators help nonprofit leaders quickly identify which developments require their most immediate attention based on urgency and operational impact.

● Immediate Action ● Requires Organizational Response ● Monitor and Prepare

Nonprofit News

 **Executive Summary:** The sector faces unprecedented federal funding disruption with potential government shutdown, Supreme Court-allowed foreign aid freezes, and political interference in grant processes. Foundation overwhelm demonstrates crisis scale while workforce shortages affect 74.6% of organizations. Trump administration policies target DEI programs and assert direct political control over federal funding streams.

 **Key Actions for This Section:** Organizations must implement immediate crisis management strategies:

- Develop government shutdown contingency plans and cash flow management
- Review all federal grants for new political oversight requirements
- Diversify funding strategies beyond federal sources
- Prepare for increased foundation competition with compelling cases
- Monitor daily developments in Congressional budget negotiations

● **Trump Administration Considers Federal Takeover of New York's 9/11 Memorial**

The Trump administration is reportedly considering federal intervention in New York's 9/11 Memorial operations, potentially establishing precedent for federal interference in charitable operations. This unprecedented move would represent direct government control over a major nonprofit memorial site dedicated to September 11 victims and survivors. The proposal raises constitutional concerns about federal overreach into state and local charitable operations while threatening the independence of mission-driven organizations. Nonprofits operating memorial sites, cultural institutions, or organizations with potential political sensitivities should monitor developments closely as this could establish dangerous precedent for federal intervention in charitable autonomy and could set precedent for federal interference in charitable operations.

Source: <https://www.washingtontimes.com/news/2025/sep/6/trump-considering-federal-takeover-new-york-911-memorial/>

● **Government Funding Crisis Deepens as September Deadline Approaches**

With fiscal year 2025 ending September 30, none of the 12 appropriations bills have been signed into law, threatening another government shutdown. The Committee for a Responsible Federal Budget warns this marks the 29th consecutive year Congress failed to meet basic budgeting deadlines, demonstrating a "completely broken" budget process. Meanwhile, the Trump

administration's executive order from August 7 asserts direct political control over all federal grant funding, including research grants, leaving nonprofits scrambling to understand implications for existing and future funding streams. Organizations must prepare for shutdown scenarios, engage in emergency advocacy, monitor daily developments in Congressional negotiations, and develop contingency plans for delayed payments and program disruptions.

Source: <https://www.crfb.org/press-releases/reduce-debt-government-funding-deadline>

Supreme Court Allows Temporary Freeze of Billions in Foreign Aid Payments

Chief Justice John Roberts temporarily allowed the Trump administration to freeze billions in foreign aid payments, putting on hold a lower court ruling requiring officials to spend \$4 billion by month's end. Roberts issued an administrative stay to give justices more time to review the case, though this could make it harder for nonprofits to recover congressionally approved funding. The order affects global health and HIV programs while Roberts ordered challenging groups to respond by Friday afternoon. Nonprofit organizations dependent on federal foreign assistance face unprecedented uncertainty as constitutional separation of powers disputes threaten program continuity.

Source: <https://www.cnn.com/2025/09/09/politics/supreme-court-temporarily-allows-trump-to-pause-billions-in-foreign-aid>

Foundation Overwhelm Demonstrates Scale of Crisis

The Hill's September 5, 2025 analysis reveals the unprecedented scale of nonprofit need as the Samueli Foundation received 1,242 applications totaling over \$250 million against just \$10 million available, demonstrating "how unbelievably deep and broad the need is." Foundation president notes every sector responded: poverty, animal welfare, arts, civil rights, and domestic abuse organizations. This comes as Trump's policies upend decades of federal-nonprofit partnerships dating to the 1960s. Despite some state initiatives in California, Colorado, New York, and Illinois, the response remains insufficient to offset federal reductions. Organizations must immediately compete more strategically for limited foundation resources, build compelling unrestricted funding cases, explore corporate partnerships, and advocate for emergency state appropriations while managing increased competition for all private funding sources.

Source: <https://thehill.com/homenews/ap/ap-business/ap-takeaways-from-aps-report-about-cuts-to-government-grants-for-nonprofits-2/>


Education and Public Sectors Lead DAF Recipients


In fiscal year 2025, the highest percent of DAF grant recommendations went to charities in the public and education sectors, with 78% of donors granting within their own states. DAF grantmaking totaled \$54.77 billion in 2023, remaining essentially flat despite economic headwinds, with grants from DAFs accounting for more than 10% of all U.S. giving. Within these sectors, local community programs, K-12 initiatives, and civic infrastructure projects receive priority. Nonprofits should emphasize local impact metrics, develop state-specific

programming, create clear investment return narratives, offer donor engagement opportunities, and streamline DAF grant processes to maximize this stable funding source representing significant philanthropic infrastructure.

Source: <https://www.dafgiving360.org/giving-report>

Nonprofit Regulatory Developments

 **Executive Summary:** Federal agencies expand compliance requirements through NEA reporting modifications, Nuclear Regulatory Commission nondiscrimination mandates, and Department of Justice information collection updates. GAO reveals AI governance requirements while OMB establishes new comment deadlines. HHS audit findings highlight indirect cost rate-setting deficiencies affecting nonprofit grant administration.

 **Key Actions for This Section:** Organizations must strengthen regulatory compliance systems:

- Review NEA reporting requirements and submit comments by deadlines
- Assess civil rights policies for federal nondiscrimination compliance
- Monitor unified regulatory agenda for anticipated rule changes
- Strengthen AI governance frameworks per GAO guidance
- Update indirect cost documentation per HHS findings

NEA 30-Day Notice on Final Descriptive Report Update for Grantees

The National Endowment for the Arts issued a 30-day comment period notice for proposed updates to its "2025 Final Descriptive Report" collection requirements affecting grant recipients' reporting obligations. The changes modify how NEA grantees document program outcomes, financial expenditures, and artistic impact measures. Arts nonprofits must review proposed reporting modifications to ensure compliance systems can accommodate new data collection requirements while preparing comments on burdensome or problematic reporting elements that could affect program implementation and administrative costs.

Source: <https://www.federalregister.gov/documents/2025/09/08/2025-17119/subject-30-day-notice-for-the-2025-final-descriptive-report-update-proposed-collection-comment>

NRC Information Collection: Nondiscrimination Assurances for Federally Assisted Programs

The Nuclear Regulatory Commission published information collection requirements under 10 CFR Part 4 for nondiscrimination assurances in federally assisted programs and activities. The rule affects any nonprofit receiving federal financial assistance by mandating specific documentation and compliance procedures. Organizations must review their civil rights policies,

complaint procedures, and staff training programs to ensure alignment with federal nondiscrimination requirements while maintaining proper documentation for federal compliance reviews and audits.

Source: <https://www.federalregister.gov/documents/2025/09/09/2025-17255/information-collection-nondiscrimination-in-federally-assisted-programs-or-activities-receiving>

OMB Review Comment Deadline Set for September 15 on DOJ Information Collection

The Office of Management and Budget established a September 15 deadline for public comments on Department of Justice information collection requirements submitted for federal review. The DOJ proposal affects nonprofits working in criminal justice, victim services, and law enforcement collaboration by modifying data collection and reporting standards. Justice-focused nonprofits should submit comments addressing compliance burdens, data privacy concerns, and operational impacts of proposed federal information collection requirements that could affect program delivery and administrative costs.

Source: <https://www.federalregister.gov/documents/2025/08/14/2025-15464/submission-for-omb-review-comment-request>

GAO Report Outlines Current Federal Agency AI Requirements Under Statutes, Executive Orders, and Guidance

The Government Accountability Office released a comprehensive report detailing federal artificial intelligence requirements across agencies established through legislation, executive orders, and regulatory guidance. The analysis affects nonprofits using AI technologies in service delivery or considering AI implementation by clarifying federal compliance expectations. Technology-using nonprofits must review GAO findings to understand evolving AI governance requirements, data protection standards, and algorithmic accountability measures that could affect their digital service delivery and compliance obligations.

Source: <https://www.gao.gov/assets/gao-25-107933.pdf>

Current Unified Agenda of Regulatory and Deregulatory Actions Updates Federal Priorities

The Trump Administration's Unified Agenda of Regulatory and Deregulatory Actions provides public notice about proposed regulatory changes within the Executive Branch affecting nonprofit operations. The agenda offers transparency about planned administrative actions that could impact charitable organizations' compliance requirements and operational procedures. Nonprofits must monitor the unified agenda to anticipate regulatory changes affecting their tax-exempt status, grant eligibility, and program compliance obligations across multiple federal agencies.

Source: <https://www.reginfo.gov/public/do/eAgendaMain/>

Federal Register Publication Schedule Changes Affect Regulatory Comment Periods for Nonprofits

Modifications to Federal Register publication schedules are affecting comment period calculations and regulatory compliance deadlines for proposed rules impacting nonprofit operations. The timing changes influence how nonprofits participate in federal rulemaking processes and submit advocacy comments. Policy-focused nonprofits must adjust their regulatory monitoring and comment submission processes to accommodate modified federal publication schedules that could affect their ability to influence rulemaking affecting their constituencies and program areas.


Source: <https://www.federalregister.gov/>


HHS Office of Inspector General Report on Cost Allocation Services Rate-Setting Guidance

The HHS Office of Inspector General found that Cost Allocation Services' indirect cost rate-setting process for nonprofit organizations did not always comply with federal regulations and internal policies. The audit of 19 indirect cost rates revealed procedural deficiencies affecting how nonprofits obtain federally approved rates for grant administration. Grant-receiving nonprofits should review their indirect cost documentation and procedures to ensure compliance with federal requirements while monitoring CAS improvements to rate-setting processes.

Source: <https://oig.hhs.gov/reports/all/2022/cost-allocation-services-needs-to-update-its-indirect-cost-rate-setting-guidance/>

Nonprofit Human Resources Developments

 **Executive Summary:** The nonprofit workforce crisis intensifies with Bureau of Labor Statistics revealing 911,000 fewer jobs than reported, while 74.6% of organizations face current vacancies and 95% report staff burnout concerns. Proposed PSLF restrictions threaten recruitment advantages as volunteers decline 23% since 2019. Justice Department launches civil rights enforcement targeting DEI programs in federally funded organizations.

 **Key Actions for This Section:** Organizations must implement comprehensive workforce strategies:

- Submit comments opposing PSLF restrictions by September 17 deadline
- Develop alternative loan assistance programs and enhanced benefits
- Implement retention strategies including competitive compensation and flexible work
- Create short-term volunteer opportunities and skills-based matching programs
- Review DEI programs for federal compliance risks and legal exposure

● Bureau of Labor Statistics Releases Massive Job Revision Showing 911,000 Fewer Positions Than Initially Reported

The Bureau of Labor Statistics announced the largest-ever downward revision to employment data, showing 911,000 fewer jobs were created between April 2024 and March 2025 than previously reported. This revision signals a weaker labor market than initially understood and could impact nonprofit hiring strategies and workforce planning. Organizations should reassess their growth projections and prepare for potential economic headwinds that may affect funding and staffing decisions.

Source: <https://www.bls.gov/news.release/empsit.nr0.htm>

● Proposed PSLF Restrictions Face September 17 Deadline

The Department of Education's August 18 proposed rule seeks to unlawfully limit charitable nonprofits from PSLF eligibility based on "activities with substantial illegal purpose," including immigration services, DEI initiatives, and civil rights work. The National Council of Nonprofits calls this an "unlawful overhaul" that contradicts federal statute requiring all 501(c)(3)s be eligible. Nonprofit Quarterly reports borrowers are already panicking about eligibility, with some considering leaving their jobs. Comments are due September 17, 2025, with legal challenges expected if finalized. This severely undermines nonprofits' recruitment advantage for debt-burdened graduates, requiring organizations to develop alternative loan assistance programs, enhance benefits packages, and actively oppose the rule through public comment while communicating current PSLF protection to employees.

Source: <https://nonprofitquarterly.org/proposed-pslf-changes-would-undermine-nonprofits-and-public-service-careers/>

● Crisis Deepens with Both Paid Staff and Volunteer Shortages

The Johnson Center's January 2025 analysis confirms the nonprofit workforce crisis continues, with 74.6% of organizations reporting current job vacancies and 95% of leaders concerned about staff burnout. Activate Good's May 2025 data shows formal volunteering declined 23% since 2019, with 62% of nonprofit CEOs stating volunteer recruitment is a major problem. The sector faces a perfect storm: 22% of nonprofit employees live in households unable to afford basic necessities, while volunteer rates drop across most states. Organizations must implement comprehensive retention strategies including competitive compensation, flexible work arrangements, skills-based volunteering programs, and employee wellness initiatives while leveraging email and social media for volunteer recruitment and creating short-term, project-based opportunities to match evolving volunteer preferences.

Source: <https://johnsoncenter.org/blog/the-nonprofit-workforce-is-in-crisis/>

● Workforce Wellness Crisis Requires Comprehensive Strategy

Activate Good's May 2025 research reveals volunteers increasingly prefer short-term, project-based roles over long-term commitments, with platforms like Catchafire facilitating 14,000 monthly volunteer engagements compared to 2,700 in 2020. The National Council of Nonprofits data confirms salary competition (72.2%) and budget constraints (66.3%) remain primary retention challenges, while 23% cite childcare unavailability. Organizations implementing flexible scheduling, skills-based matching, and recognition systems show better retention. Solutions include designing short-term volunteer roles, leveraging email and social media for authentic storytelling, prioritizing inclusive messaging, offering virtual opportunities, and creating networks of former staff for temporary positions while positioning mission impact at recruitment forefront.

Source: <https://activategood.org/volunteering-statistics-2025/>

● **Justice Department Launches Civil Rights Fraud Initiative Targeting Federal Fund Recipients**

The Department of Justice announced plans to use the False Claims Act to pursue enforcement actions against federal funding recipients violating anti-discrimination laws through their DEI programs. The initiative signals aggressive prosecution of organizations whose diversity efforts allegedly constitute unlawful discrimination. Nonprofits receiving federal funds face heightened legal risks requiring immediate review of all diversity-related activities and policies.

Source: <https://www.cooley.com/news/insight/2025/2025-08-05-us-doj-memo-clarifies-dei-compliance-for-federal-funding-recipients>

● **DOJ Guidance Prohibits Gender Identity Accommodations in Federally Funded Programs**


The Justice Department's guidance explicitly states that allowing "males self-identifying as women" access to female-designated spaces violates federal law and creates hostile work environments. The directive affects nonprofit organizations receiving federal funding and their transgender accommodation policies. Organizations must balance federal compliance requirements with state non-discrimination laws and organizational values.

Source: <https://www.seyfarth.com/news-insights/doj-doubles-down-on-dei-and-antidiscrimination-obligations-for-recipients-of-federal-funds.html>

IRS, Accounting and Finance Developments

📄 **Executive Summary:** IRS signals heightened enforcement focus on tax-exempt organizations through enhanced audit priorities while California investigates OpenAI's nonprofit conversion. Courts reinforce strict charitable deduction documentation standards. New

attestation standards effective December 15 modernize quality control approaches while electronic filing requirements increase cybersecurity obligations.

 **Key Actions for This Section:** Organizations must strengthen tax compliance systems:

- Review documentation procedures for charitable receipts and donor substantiation
- Prepare for increased audit activity with enhanced compliance systems
- Implement cybersecurity measures for electronic filing requirements
- Transition to electronic payment methods before September 30 Treasury deadline
- Monitor California precedent for nonprofit restructuring oversight

IRS News Release Signals Heightened Enforcement Focus Relevant to Exempt Organizations

The Internal Revenue Service issued September 8 news releases indicating enhanced enforcement priorities affecting tax-exempt organizations' compliance practices and audit risk factors. The announcements suggest increased scrutiny of nonprofit political activities, executive compensation, and unrelated business income tax obligations. Tax-exempt organizations must strengthen compliance systems, review political activity limitations, and ensure proper documentation of charitable purposes while preparing for potential increased audit activity and enforcement actions.

Source: <https://www.irs.gov/newsroom>

California Attorney General Investigates OpenAI's Nonprofit-to-For-Profit Conversion

California Attorney General Rob Bonta continues investigating OpenAI's proposed restructuring from nonprofit to for-profit status, with reports suggesting executives discussed potential relocation from California. The investigation focuses on protecting charitable assets and ensuring compliance with state charitable trust laws. Nonprofits face increased scrutiny of restructuring plans as California sets precedent for oversight of nonprofit asset transfers and mission preservation.

Source: <https://techcrunch.com/2025/09/08/openai-denies-that-its-weighing-a-last-ditch-california-exit-amid-regulatory-pressure-over-its-restructuring/>

Federal Appeals Court Rules on Charitable Deduction Documentation Standards

The Tax Court's decision in *Besaw v. Commissioner* reinforced strict documentation requirements for charitable deductions, denying a \$6,760 deduction despite acknowledged donations due to incomplete charity receipts. The ruling emphasized that receipts must include adequate descriptions of donated items, not just organization names and dates. This creates heightened compliance burdens for nonprofits issuing donation receipts and increases donor education requirements to ensure proper tax benefit realization.

Source: <https://www.hklaw.com/en/insights/publications/2025/08/taxpayer-loses-charitable-deduction-due-to-lack-of-documentation>

AICPA Issues New Not-for-Profit Audit and Attestation Standards

The AICPA Auditing Standards Board approved SSAE No. 23, revising attestation standards to align with quality management requirements effective December 15, 2025. These changes modernize traditional quality control approaches, emphasizing risk assessment and emerging technology considerations. Nonprofit organizations undergoing attestation engagements will experience enhanced procedures and documentation requirements, potentially increasing audit costs and timeline complexities while improving overall engagement quality and reliability.

Source: <https://www.aicpa-cima.com/news/article/aicpa-auditing-standards-board-approves-revisions-to-attestation-standards>

IRS Renews Emphasis on Donor-Advised Fund Reporting and Compliance

The IRS maintains increased scrutiny of donor-advised funds and nonprofit compliance with contribution reporting requirements. Organizations must ensure proper substantiation procedures for contributions of \$250 or more, including written acknowledgments specifying goods or services provided in return. Enhanced digitization of IRS communications requires nonprofits to monitor electronic notices and follow-ups more closely, creating additional administrative burdens and potential compliance risks for organizations unprepared for digital-first interactions.

Source: <https://www.bradymartz.com/nonprofit/tax-considerations-for-non-profits-understanding-irs-compliance-in-2025/>

GAO Releases Report on IRS Data Security Vulnerabilities in Exempt Organization Filings

Electronic filing requirements increase cybersecurity concerns for nonprofit organizations submitting sensitive financial information through IRS systems. Organizations must implement appropriate data protection measures when preparing and transmitting returns electronically. Third-party service provider relationships require careful vetting to ensure compliance with privacy and security standards, creating additional due diligence burdens and potential liability exposures for organizations lacking comprehensive information security policies and procedures.

Source: <https://www.irs.gov/e-file-providers/e-file-for-charities-and-nonprofits>

Federal Court Decision Impacts State Charitable Tax Credit Programs

The Second Circuit's decision in *New Jersey v. Bessent* addresses the relationship between state tax credit programs and federal charitable deduction limitations. The ruling affects high-tax states' efforts to circumvent federal SALT deduction caps through charitable contribution incentives. Nonprofits operating in multiple states must navigate varying regulatory

environments and donor tax benefit calculations, creating operational complexities and potential donor relations challenges requiring sophisticated tax planning and communication strategies.

Source: <https://www.currentfederaltaxdevelopments.com/blog/2025/8/13/judicial-examination-of-state-charitable-tax-credit-programs-and-federal-deductibility>

IRS Updates Unrelated Business Income Tax Enforcement Priorities

Organizations earning \$1,000 or more in unrelated business income must file Form 990-T electronically for tax years ending December 2020 and later. Enhanced enforcement of UBIT rules requires careful evaluation of all revenue streams to determine tax obligations. Commercial activities unrelated to exempt purposes face scrutiny, creating compliance burdens for organizations with diverse revenue sources and requiring regular legal review of programs and partnerships to avoid unexpected tax liabilities and potential exemption issues.

Source: <https://www.bradymartz.com/nonprofit/tax-considerations-for-non-profits-understanding-irs-compliance-in-2025/>

IRS Assesses \$162 Million in Penalties Over False Tax Credit Claims Tied to Social Media

The Internal Revenue Service announced significant enforcement actions against taxpayers who filed fraudulent tax credit claims promoted through social media platforms. The penalties highlight growing concerns about online tax scams targeting vulnerable populations with promises of easy money through false Employee Retention Credits and other relief programs. Nonprofits must enhance financial literacy programs and warn constituents about social media tax fraud schemes while ensuring their own compliance with legitimate credit programs to avoid inadvertent violations.


Source: <https://www.irs.gov/newsroom>


Treasury Announces Federal Government Will Phase Out Paper Checks on September 30th

The U.S. Department of Treasury announced the federal government will stop issuing paper checks for most federal payments on September 30, 2025. Secretary Scott Bessent stated this will help reduce fraud and theft while removing payment delays. The change affects nonprofits receiving federal benefit payments or grants still distributed via paper checks. Organizations must transition to electronic payment methods including direct deposit or prepaid debit cards to continue receiving federal funding without disruption.

Source: <https://home.treasury.gov/news/press-releases/sb0223>

State Nonprofit News

 **Executive Summary:** States implement diverse policy changes affecting nonprofit operations, from Massachusetts wage protection for universities and healthcare systems to Tennessee restrictions on immigrant victim services. New York announces \$80 million arts funding while courts address legal aid nonprofit enforcement. Multi-state privacy law implementations create complex compliance environments requiring comprehensive governance programs.

 **Key Actions for This Section:** Organizations must adapt to varying state requirements:

- Massachusetts nonprofits should secure voluntary pay agreements and review disclosure requirements
- Tennessee organizations must develop alternative funding for excluded populations
- Arts nonprofits should prepare competitive NYSCA applications
- Multi-state organizations must implement comprehensive privacy governance programs
- Legal aid nonprofits should reassess service delivery models

Massachusetts Shields Nonprofit Universities and Health Systems from Wage Act Monthly Pay Lawsuits

Massachusetts enacted Section 113 providing temporary immunity for nonprofit colleges, universities, and healthcare organizations from Wage Act lawsuits challenging monthly payment schedules through September 30, 2028. The protection covers suits filed between July 1, 2024, and September 30, 2028, for employees paid monthly without explicit election. Eligible organizations should review payroll practices and secure voluntary monthly pay agreements where applicable.

Source: <https://www.jacksonlewis.com/insights/massachusetts-moves-protect-colleges-and-healthcare-nonprofits-wage-act-lawsuits>

Tennessee Policy Change Restricts Victim Services Funding for Immigrant Clients

Tennessee implemented federal rule changes blocking victim services funding when clients are undocumented immigrants, forcing nonprofit service providers to modify program delivery models. Organizations must verify client immigration status and develop alternative funding strategies for excluded populations. The policy creates operational challenges for nonprofits serving diverse communities and requires rapid program restructuring to maintain services.

Source: <https://tennesseelookout.com/2025/09/08/tennessee-nonprofits-scramble-to-aid-immigrant-crime-victims-amid-new-federal-rules/>

New York Announces \$80 Million NYSCA Funding for Nonprofit Arts Organizations

Governor Kathy Hochul announced \$80 million in New York State Council on the Arts funding supporting nonprofit arts and cultural organizations statewide. The initiative addresses ongoing recovery challenges facing cultural nonprofits and supports programming expansion across multiple artistic disciplines. Organizations should prepare competitive applications demonstrating community impact and sustainable programming models to access increased state arts funding.

Source: <https://www.governor.ny.gov/news/governor-hochul-announces-80-million-available-support-nonprofit-arts-and-cultural-0>

Second Circuit Overturns Injunction Affecting New York Legal Aid Nonprofit Enforcement

The Second Circuit Court of Appeals overturned a preliminary injunction in the Upsolve case, affecting New York's enforcement of unauthorized practice of law rules against legal aid nonprofits. The decision impacts how nonprofit organizations provide legal assistance and advisory services to low-income clients. Legal aid nonprofits must reassess service delivery models and ensure compliance with evolving state practice regulations and oversight requirements.

Source: <https://www.reuters.com/legal/government/us-appeals-court-overturns-free-speech-ruling-legal-advice-nonprofit-upsolve-2025-09-09/>

Massachusetts Posts "Gap IV" Energy Grant Eligibility Including Food Distribution Nonprofits

The Massachusetts Department of Environmental Protection published updated Q&A guidance for Gap IV Energy Grant applications, specifically including nonprofit food distribution organizations as eligible applicants. The grants support energy efficiency improvements and infrastructure upgrades for qualifying organizations. Food distribution nonprofits should evaluate facility upgrade needs and prepare comprehensive energy improvement proposals to access available funding opportunities.

Source: <https://www.mass.gov/doc/amended-gap-iv-energy-grant-request-for-responses/download>

Washington Opens Apple Health & Homes PBRA Applications for Supportive Housing Nonprofits

Washington State Department of Commerce opened Project-Based Rental Assistance applications through September 30, 2025, for nonprofits developing supportive housing services. The program provides long-term rental assistance for vulnerable populations including individuals experiencing homelessness. Eligible nonprofits must demonstrate capacity for comprehensive supportive services and coordinate with local housing authorities for program implementation.

Source: <https://www.commerce.wa.gov/funding/now-accepting-applications-for-apple-health-and-homes-project-based-rental-assistance-pbra-units/>

Connecticut Regional Planning Council Engages Nonprofit Partners in Flood Prevention Projects

Connecticut regional planning councils hosted flood prevention project meetings with Save the Sound and other nonprofit environmental partners to develop comprehensive watershed protection strategies. The collaboration demonstrates growing state reliance on nonprofit expertise for environmental resilience planning. Environmental nonprofits should prepare for increased partnership opportunities requiring technical expertise and community engagement capabilities for climate adaptation projects.

Source: <https://www.ctinsider.com/waterbury/article/naugatuck-valley-council-flood-meetings-21026284.php>

California Nonprofit Coalition Urges Attorney General to Block OpenAI Restructuring

A coalition of California nonprofits, labor groups, and philanthropic organizations submitted formal petition urging Attorney General Rob Bonta to halt OpenAI's nonprofit-to-for-profit conversion. The coalition argues the restructuring abandons charitable mission requirements for shareholder profit maximization. The petition establishes precedent for nonprofit sector advocacy in protecting charitable asset integrity and mission-driven governance structures.

Source: <https://sfist.com/2025/09/09/openai-rumored-to-be-considering-move-out-of-california-due-to-investigation-into-for-profit/>

Massachusetts Implements Pay Transparency Requirements with October 29 Effective Date

Massachusetts pay transparency law requires employers with 25+ employees to disclose salary ranges in job postings and upon employee request, effective October 29, 2025. The legislation includes enhanced EEO reporting requirements for larger organizations. Nonprofits must update recruitment practices, compensation disclosure procedures, and prepare required workforce demographic reporting to ensure full compliance.

Source: <https://www.mass.gov/info-details/pay-transparency-in-massachusetts>

Multi-State Privacy Law Convergence Creates Complex Compliance Environment

Multiple states including Oregon, Montana, Connecticut, Delaware, New Jersey, and Minnesota implemented or expanded privacy legislation affecting nonprofit organizations with varying threshold requirements and compliance timelines. The patchwork of state laws creates operational challenges for multi-state nonprofits managing diverse regulatory obligations. Organizations must develop comprehensive privacy governance programs addressing state-specific requirements while maintaining operational efficiency across jurisdictions.

Source: <https://www.dwt.com/blogs/privacy--security-law-blog/2023/07/oregon-consumer-privacy-law-signed>

Summary

This week's developments underscore the unprecedented challenges facing nonprofit organizations as federal funding uncertainty reaches crisis levels with potential government shutdown, Supreme Court-allowed foreign aid freezes, and political interference in grant processes. The sector confronts workforce shortages affecting three-quarters of organizations while foundation competition intensifies dramatically. State responses provide limited relief as regulatory compliance requirements expand across multiple agencies. Organizations must implement immediate contingency planning focusing on cash flow management, diversified funding strategies, workforce retention, and enhanced compliance systems while adapting to rapidly evolving operational environments that threaten the sector's traditional federal partnerships and mission-driven autonomy.

About Nonprofit Management Navigator

[Nonprofit Management Navigator](#) is a trade name of PMG46, LLC doing business as Nonprofit Management Navigator. Nonprofit Management Navigator provides this complimentary weekly subscription service designed for nonprofit leaders. This essential resource provides curated news updates on the legal, regulatory, and operational developments impacting organizations, saving executives time while keeping them informed about the important changes directly impacting their organizations. In addition to timely news, Nonprofit Management Navigator also offers in-depth reports and practical management guidance to help leaders navigate an increasingly unpredictable operating environment. What makes Nonprofit Management Navigator particularly valuable is its commitment to accessibility---the entire service is available as a complimentary subscription, ensuring critical operational intelligence reaches nonprofit leaders regardless of budget limitations during these chaotic regulatory times.

Understanding This Information and Disclaimer

Nonprofit Management Navigator is a trade name of PMG46, LLC doing business as Nonprofit Management Navigator. This update from Nonprofit Management Navigator is designed to offer general insights and information. It is crucial to understand that this content is not, and should not be considered, a replacement for professional legal, accounting, or operational advice. Nonprofit Management Navigator does not provide legal advice. We urge you to consult with qualified legal, accounting, or operational professionals before taking action based on this content. While we aim for comprehensive and accurate information, Nonprofit Management Navigator cannot guarantee that every relevant development is included or that all information from our sources is entirely reliable or precise. This report draws on public sources, compiled with the support of artificial intelligence and Nonprofit Management Navigator staff.

