

Abstract

The December 1, 2025 *Navigator News Update* highlights two major developments shaping nonprofit operations this week: the nationwide surge in nonprofit Thanksgiving food-relief efforts, driven by increasing community need, and the far-reaching implications of the federal professional degree reclassification, which threatens essential nonprofit workforce pipelines. This SEO-optimized edition equips nonprofit executives with actionable intelligence on federal regulatory changes, HR pressures, IRS updates, and state-level legal developments. Designed for leaders navigating today's volatile policy environment, it consolidates the critical developments nonprofit organizations need to effectively plan, respond, and advance their missions.

December 1, 2025 Navigator News Update: Including Federal Professional Degree Reclassification, Thanksgiving Food Relief Surges, and More!




From Nonprofit Management Navigator

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Introduction

Nonprofit leaders continue to contend with rising operational pressures, ranging from record community needs during the Thanksgiving holiday to major federal policy shifts reshaping talent pipelines and compliance expectations. This week's developments illustrate the scale of disruption: unprecedented demand for food assistance across the country, federal restructuring of education programs, restrictions tied to loan forgiveness, new national-origin enforcement initiatives, and litigation affecting homelessness funding. At the same time, staffing shortages continue across the sector as financial pressures deepen. The IRS is urging early preparation for the 2026 filing season while enforcing stricter unrelated business income rules. States including New York, New Jersey, and Maryland are advancing contracting and data-privacy reforms that require urgent nonprofit attention. This week's Navigator organizes these developments into practical, mission-focused insights that help nonprofit executives anticipate risks, strengthen resilience, and continue serving their communities effectively.

Priority Legend

-  **Immediate Action**
 -  **Requires Organizational Response**
 -  **Monitor and Prepare**
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Nonprofit News

Executive Summary

Nonprofits reported an extraordinary surge in demand for Thanksgiving food assistance, illustrating widening community hardship. At the same time, federal actions—including professional degree reclassification, program transfers, and litigation over housing funding—pose serious operational and workforce risks. Refugee resettlement programs, immigration-related nonprofits, community lenders, and social-justice organizations continue facing intensified federal scrutiny and disruptions.

Key Actions for This Section

- Strengthen emergency-relief and food-distribution capacity during periods of heightened demand.
 - Prepare for reduced staffing pipelines in nursing, social work, therapy, education, and accounting.
 - Assess exposure to federal program disruptions, especially in education and housing.
 - Evaluate risks for immigration and civil-rights activities in light of new federal restrictions.
 - Develop contingency plans for funding delays or program terminations.
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Nonprofits Meet Surging Demand for Thanksgiving Food Relief Nationwide

Nonprofits across the United States reported a dramatic increase in Thanksgiving week demand for food assistance, with many Salvation Army locations, community food banks, and human-service agencies seeing meal requests double compared to prior years. Rising food prices, inflation, and reductions in federal nutrition benefits contributed to long lines at distribution sites and shortages of holiday meal supplies. Organizations described families arriving earlier than ever and requesting larger quantities of food, especially in regions experiencing heightened economic stress. Despite limited staffing and strained budgets, nonprofits scaled operations through volunteer mobilization, expanded donation drives, and emergency procurement to ensure communities received holiday meals.

Source:

📺 *WTAE Pittsburgh* – “Hundreds of volunteers across Allegheny County work to serve Thanksgiving meals to people in need”
<https://www.wtae.com/article/thanksgiving-dive-bar-ross-salvation-army-dormont/69568764>

● Professional Degree Reclassification Threatens Nonprofit Workforce Pipeline

The Department of Education excluded nursing, social work, physical therapy, occupational therapy, architecture, education, and accounting from professional degree classification in November 2025. Students in these fields face reduced federal loan limits—from \$50,000 to \$20,500 annually—effective July 1, 2026. Graduate students lose access to Grad PLUS loans.

Healthcare and social service nonprofits face recruitment challenges as fewer students afford advanced degrees. The change particularly affects nurse practitioner, social work, and therapy programs critical to nonprofit service delivery. Organizations serving underserved communities face workforce shortages as education pipelines narrow.

Source:

📺 *NBC Washington* – “Federal list of ‘professional’ degrees excludes nursing, social work and more”
<https://www.nbcwashington.com/news/national-international/trump-administration-professional-degree-list-student-loan-limits/4020475/>

● Trump Administration Transfers Education Department Programs

The Trump administration announced six new agreements to transfer core Education Department programs to other federal agencies, including moving K-12 and higher education functions to the Labor Department. Internal documents reveal concerns about implementation challenges, describing larger program transfers as “much more difficult to migrate” than initial efforts.

This restructuring creates uncertainty for nonprofits relying on federal education grants and programs, potentially requiring organizations to navigate multiple agencies for funding and compliance.

Source:

<https://www.govexec.com/management/2025/11/trump-admin-acknowledges-difficulties-transferring-education-programs-other-agencies-internal-documents-show/409686/>

Student Loan Forgiveness Tied to Immigration Compliance

The Education Department finalized regulations excluding nonprofits from the Public Service Loan Forgiveness program if they engage in activities the administration deems illegal, including assisting undocumented immigrants or providing gender-affirming care to minors. Effective July 2026, employers face removal from the program for ten years if found to have "substantial illegal purpose."

Immigration and civil rights nonprofits face recruitment and retention challenges as employees lose access to loan forgiveness benefits crucial for lower-paying public service positions.

Source:

<https://www.mercurynews.com/2025/10/31/trump-limits-student-loan-forgiveness/>

States Sue Over Homelessness Funding Changes

Twenty states filed lawsuits against the Trump administration challenging new restrictions on HUD's Continuum of Care program, which provides over \$3 billion for homeless services. The changes shift funding from permanent housing to transitional housing with work requirements and impose new conditions, including prohibitions on acknowledging transgender individuals.

Attorneys general warn the restrictions could force 170,000 people from housing and threaten critical services, creating severe operational challenges for nonprofits serving homeless populations.

Source:

<https://www.inquirer.com/politics/nation/states-sue-trump-homeless-program-cuts-20251125.html>

CDFI Fund Staff Termination Threatens Community Lenders

The Trump administration issued notices terminating all staff of the Community Development Financial Institutions Fund, which provides crucial capital to underserved communities. The fund awarded over \$400 million last year to lenders serving rural, tribal, and low-income areas. A federal judge temporarily blocked the layoffs, but uncertainty remains.

Nonprofits and community lenders that depend on CDFI certification and funding face severe operational disruptions, potentially forcing service reductions in communities already lacking access to traditional banking.

Source:

<https://www.marketplace.org/story/2025/10/16/trump-tries-to-cut-staff-of-cdfi-which-funds-lenders-in-underserved-areas/>

Refugee Resettlement Organizations Face Staff Cuts

The Trump administration terminated federal contracts with refugee resettlement agencies nationwide and suspended all refugee admissions indefinitely. Organizations were forced to lay off hundreds of workers and cease providing integration services to over 22,000 recently arrived refugees.

The termination of cooperative agreements dismantled infrastructure built over decades for helping refugees access housing, healthcare, education, and employment. Nonprofits serving refugees and immigrants now operate with drastically reduced capacity while demand for services continues.

Source:

<https://www.rescue.org/article/how-have-trump-policies-impacted-refugees>

Open Society Foundations Faces Federal Investigation

The Department of Justice directed multiple U.S. attorneys to develop plans for criminal charges against Open Society Foundations, including potential arson, racketeering, and material support for terrorism charges. The investigation targets the philanthropic organization founded by George Soros, which supports progressive causes worldwide.

Open Society condemned the investigation as politically motivated attacks meant to silence dissent and undermine First Amendment rights. The scrutiny creates a chilling effect on philanthropic organizations and nonprofits engaged in social justice work, potentially deterring donors and grantees.

Source:

<https://www.washingtonexaminer.com/news/3825523/soros-nonprofit-says-doj-investigating-terrorism-links-without-evidence/>

Nonprofit Federal Regulatory Developments



Executive Summary

Federal regulatory activity this week emphasizes heightened enforcement and delayed compliance guidance. The Office of Management and Budget's postponement of the 2025 Compliance Supplement directly affects nonprofits with Single Audit requirements, creating timing and reporting challenges. New federal initiatives targeting national origin discrimination introduce multiagency oversight that nonprofits must prepare for, especially those employing foreign-born workers. At the same time, legal analysis confirms that presidential threats to revoke tax-exempt status cannot bypass established IRS procedures.



Key Actions for This Section

- Adjust audit timelines to reflect the delayed 2025 Compliance Supplement.
 - Train HR and program staff on national-origin discrimination standards.
 - Communicate with boards about legal protections surrounding tax-exempt status.
 - Strengthen documentation and compliance protocols across federally funded programs.
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Presidential Authority to Revoke Tax-Exempt Status Remains Constrained by Law

Despite Trump administration threats to revoke tax-exempt status of universities and advocacy organizations, legal experts emphasize established IRS procedures require individual audits, defense opportunities, and appeals. Federal law under Section 7217 prohibits presidential interference in IRS tax decisions.

No executive order can unilaterally revoke tax-exempt status. The IRS must follow longstanding case-by-case examination processes. Even if status is ultimately revoked, organizations remain nonprofit corporations under state law. While political pressure creates uncertainty, nonprofits should understand their procedural protections and consult legal counsel if targeted.

Source:

<https://www.tenenbaumlegal.com/nonprofits-under-fire-how-the-irs-can-and-cannot-revoke-federal-tax-exempt-status/>

2025 Federal Compliance Supplement Delayed Affecting Single Audit Reporting

The Office of Management and Budget has delayed releasing the final 2025 Federal Compliance Supplement, which is essential for auditors conducting Single Audits. Professional guidelines prohibit issuing single audit reports until the supplement is officially released, affecting organizations with fiscal years ending after June 30, 2025.

This delay impacts grant reporting timelines, funding closeouts, and audit schedules for nonprofits receiving federal funds. Organizations should maintain audit-ready documentation and communicate proactively with boards, funders, and auditors about potential reporting delays.

Source:

<https://www.barnesdennig.com/2025-compliance-supplement-waiting-game-what-non-profits-need-to-know/>

Federal Agencies Launch Coordinated Enforcement Against National Origin Discrimination

The Department of Labor and Equal Employment Opportunity Commission announced Project Firewall on November 24, establishing coordinated enforcement against employers engaging in national origin discrimination. The multiagency initiative enables data sharing between DOL, EEOC, Department of Justice, and Department of Homeland Security to address discriminatory hiring practices and H-1B program abuses.

Nonprofits with foreign workers or visa sponsorship programs face heightened scrutiny of hiring practices, job advertisements, and workplace policies. Organizations must review recruiting materials for visa-status preferences and ensure equal treatment across all national origins to avoid potential investigations from multiple federal agencies.

Source:

<https://www.eeoc.gov/newsroom/icymi-eeoc-partners-dol-project-firewall>

Nonprofit Human Resources Developments



Executive Summary

Nonprofits continue to face significant HR pressures entering 2026. Staffing shortages persist for the third consecutive year, compounded by burnout, recruitment difficulties, and financial instability. Organizations are increasingly reliant on flexible budgeting approaches as both federal and state funding shifts undermine workforce planning. Meanwhile, federal enforcement actions on overtime compliance and religious accommodation underscore the rising compliance risks nonprofits face.



Key Actions for This Section

- Conduct workforce planning that includes flexible staffing models for 2026.
 - Reevaluate recruitment strategies and invest in retention initiatives.
 - Audit payroll practices to ensure accurate overtime calculations.
 - Train HR teams on religious-accommodation requirements under federal law.
 - Provide staff with professional development and support systems to reduce burnout.
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Federal Funding Disruptions Drive Nonprofit Budget Flexibility Needs

Federal and state funding shifts are disrupting nonprofit budgets, forcing organizations to adopt flexible staffing models for 2026 planning. Over half of nonprofit leaders report considering staff-related cost reductions, including postponing compensation increases and pausing benefits, according to research released in May 2025.

Private philanthropy becomes increasingly critical as budget constraints intensify. Foundation Source reports nonprofits need steady, flexible support to maintain mission focus amid uncertainty. More than half of leaders cite insufficient funding to recruit and retain staff, with nearly two-thirds experiencing difficulty filling vacancies. Scenario planning tools and revenue forecasting are becoming essential.

Source:

 *Foundation Source* — “4 Ways Funders Are Supporting Nonprofits in 2025 Amid Funding Uncertainty”

<https://foundationsource.com/blog/4-ways-funders-are-supporting-nonprofits-in-2025-amid-funding-uncertainty/>

Nonprofits Face Persistent Staffing and Financial Challenges in 2026

Nearly half of nonprofit leaders cite staff recruitment and retention as significant challenges entering 2026, with nearly 90 percent expressing concern about burnout. Financial uncertainty remains acute, with organizations drawing from reserves and considering program reductions. The 2025 State of Nonprofits report shows staffing difficulties persisting for the third consecutive year.

Leaders report challenges providing planning time and professional development for staff amid rapid-response demands. Leaders of color experience burnout effects more acutely. Organizations must balance mission delivery with workforce sustainability while navigating a volatile political climate affecting both funding and operations.

Source:

 *Center for Effective Philanthropy* — “State of Nonprofits 2025: What Funders Need to Know”

<https://cep.org/report/state-of-nonprofits-2025-what-funders-need-to-know/>

National Lutheran Agrees to \$290,000 Overtime Settlement Covering Three-Year Period

National Lutheran Inc. agreed to pay \$289,530 to settle class action allegations of improper overtime calculations for nonexempt employees in Virginia, Maryland, and Pennsylvania between October 2021 and December 2024. The settlement addresses claims that overtime rates excluded shift differentials, bonuses, and incentive pay as required by law.

The case demonstrates federal enforcement priorities around proper overtime calculation. Nonprofits must ensure all required components—including shift differentials and nondiscretionary bonuses—are included in overtime rate calculations. Individual payments range from \$1.53 to \$6,283.65, with claims available through November 2025.

Source:

<https://www.claimdepot.com/settlements/national-lutheran-action>

Oak Ridge National Laboratory Contractor Settles COVID Vaccine Religious Discrimination Claims

UT-Battelle agreed to pay over \$2.8 million to settle EEOC charges that it discriminated against employees by denying religious accommodations to its COVID-19 vaccine mandate. The settlement resolves a 2021 Commissioner's charge filed by then-Commissioner Andrea Lucas and provides back pay and compensatory damages to affected Oak Ridge National Laboratory employees.

The case reinforces that longstanding civil rights laws apply regardless of public health emergencies. Nonprofits must provide reasonable religious accommodations unless they create undue hardship. The settlement requires policy updates and HR training on religious accommodation requests, establishing compliance expectations for similar situations.

Source:

<https://www.eeoc.gov/newsroom/ut-battelle-pay-over-28-million-settle-eeoc-covid-19-vaccine-mandate-related-religious>

IRS, Accounting and Finance Developments



Executive Summary

IRS activity this week emphasizes early preparation for the 2026 filing season and increased scrutiny of unrelated business income. Nonprofits face renewed pressure to finalize year-end UBIT reviews, maintain separate accounting for unrelated revenue streams, and prepare systems and documentation ahead of the May 2026 filing deadlines. Nonprofit news organizations continue navigating uncertain IRS distinctions between mission-related advertising and taxable unrelated business income, prompting careful documentation and operational planning.



Key Actions for This Section

- Conduct year-end UBIT reviews to identify activities requiring reporting in 2026.
 - Review whether estimated payments are required for unrelated business income.
 - Begin preparing financial documentation and banking information for the 2026 filing cycle.
 - Evaluate advertising and sponsorship agreements for potential UBIT exposure.
 - Ensure finance teams follow activity-by-activity UBIT tracking rules.
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Year-End Unrelated Business Income Tax Compliance Critical

Nonprofits should complete year-end reviews of unrelated business income before December 31, 2025. Organizations earning \$1,000 or more in gross unrelated income must file Form 990-T by the 15th day of the fifth month after fiscal year-end. The IRS continues enforcing UBIT rules with added scrutiny in 2025, requiring activity-by-activity reporting and separate tracking of income and expenses for each unrelated business.

Organizations expecting to owe \$500 or more must make quarterly estimated payments to avoid penalties. Revenue-generating activities should be reviewed annually to identify potential UBIT sources, with separate financial records maintained for unrelated business activities.

Source:

 *Bloomberg Tax* — “Nonprofits Can’t Afford to Ignore Unrelated Business Income Tax”
<https://news.bloombergtax.com/tax-insights-and-commentary/nonprofits-cant-afford-to-ignore-unrelated-business-income-tax>

IRS Encourages Early Preparation for 2026 Tax Filing Season

The IRS launched its Get Ready campaign on November 26 encouraging taxpayers to prepare for the 2026 filing season, which begins in late January. The agency emphasizes the One, Big, Beautiful Bill significantly affects federal taxes, including new deductions for tips, overtime, and car loan interest.

Nonprofits should organize financial records now and ensure routing and account numbers are current for direct deposit, as paper refund checks phase out. Tax-exempt organizations following calendar years must file by May 15, 2026. Early preparation helps avoid last-minute compliance issues and ensures smooth processing of returns.

Source:

<https://www.irs.gov/newsroom/its-not-too-early-to-get-ready-for-the-2026-tax-season>

Nonprofit News Outlets Navigate Advertising Revenue Taxation Uncertainty

Research published in November 2025 reveals nonprofit news organizations often avoid advertising sales due to concerns about tax liability and potential loss of tax-exempt status. However, IRS records show actual enforcement remains rare, with some organizations successfully arguing advertising serves their educational mission.

The uncertainty stems from IRS treatment of advertising as unrelated business income requiring taxation. A 1986 Supreme Court ruling left open the possibility that advertising with educational function could be tax-exempt. News nonprofits must carefully document how advertising relates to their exempt purpose while monitoring Trump administration actions targeting nonprofit tax status.

Source:

<https://theconversation.com/nonprofit-news-outlets-are-often-scared-that-selling-ads-could-jeopardize-their-tax-exempt-status-but-irs-records-show-thats-been-rare-268844>

State Nonprofit News

Executive Summary

State-level developments this week carry significant operational implications for nonprofits. New York nonprofits are mobilizing in support of major contracting reform legislation aimed at stabilizing cash flow and reducing chronic delays in state payments. New Jersey and Maryland have implemented stringent data-privacy laws that apply to nonprofits—departing from the exemptions found in many other states—requiring extensive updates to privacy policies, data protection procedures, and consumer-rights response workflows. Compliance timelines for both states are fast approaching, prompting urgent preparation.

Key Actions for This Section

- Prepare for New York contracting reform by reviewing cash flow, reimbursement, and contract renewal processes.
 - Update data privacy notices and consumer rights request procedures for NJ and MD compliance.
 - Implement data minimization and secure-data handling practices.
 - Train staff responsible for data management and donor/consumer communications.
 - Budget for compliance-related legal and IT updates required under both states' privacy laws.
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Over 700 New York Nonprofits Urge Governor to Sign Contracting Reform Legislation

More than 700 nonprofits delivered a letter in October 2025 urging Governor Hochul to sign S.7001/A.7616, which would reform New York's Prompt Contracting Law. The legislation

addresses chronic contracting delays, with nonprofits regularly waiting six months or more for reimbursements totaling at least \$650 million statewide.

The bill creates consistency across state agencies, mandates advance payments, requires interest on late payments, and improves contract renewal processes. New York nonprofits must prepare for potential operational relief if signed, or continued cash flow challenges if vetoed, as organizations currently deplete reserves and take loans to meet payroll.

Source:

<https://empirejustice.org/news/press-release-over-700-nonprofits-call-on-governor-hochul-to-sign-contracting-reform-legislation/>

New Jersey Data Privacy Law Imposes Strict Nonprofit Compliance

The New Jersey Data Privacy Act, effective January 15, 2025, applies to nonprofits and higher education institutions typically exempt under other state laws. Organizations processing 100,000+ consumers' personal data face compliance obligations including a 15-day opt-out processing requirement—the shortest of any state privacy law. The Attorney General holds rulemaking authority with enforcement up to \$7,500 per violation.

Nonprofits must recognize Universal Opt-Out Mechanisms by July 2025. A 30-day cure period exists through July 1, 2026, after which enforcement is discretionary. Organizations need updated privacy notices, data protection measures, and consumer rights request processes.

Source:

 <https://www.ketch.com/regulatory-compliance/new-jersey-data-privacy-act-njdpa/> Ketch

Maryland Data Privacy Act Requires Nonprofit Preparation

The Maryland Online Data Privacy Act took effect October 1, 2025, applying to processing activities beginning April 1, 2026. MODPA offers narrow nonprofit exemptions—only for organizations assisting law enforcement fraud investigations or first responders. Nonprofits processing 35,000+ consumers' personal data annually must comply with requirements stricter than many existing state laws.

MODPA prohibits selling sensitive data, mandates data protection assessments for heightened-risk activities like profiling, and requires reasonable security practices. Organizations must limit

personal data collection to what's necessary and proportionate for requested services. Enforcement began October 2025.

Source:

MODPA becomes effective October 1, 2025 — No blanket exemption for nonprofits — see “Maryland Online Data Privacy Act Comes Into Effect” (EPIC) [EPIC](https://www.epic.org/maryland-online-data-privacy-act-comes-into-effect/)

 <https://www.epic.org/maryland-online-data-privacy-act-comes-into-effect/>

Summary

This week’s Navigator highlights the intense pressures facing nonprofit leaders as community needs escalate and regulatory environments shift. Nonprofits across the country reported a dramatic surge in Thanksgiving food-assistance demand, underscoring widening economic hardship. Simultaneously, the federal government’s reclassification of key professional degrees threatens to restrict access to advanced education for critical nonprofit professions, creating long-term staffing and service-delivery challenges. Federal regulatory developments—including delayed compliance guidance and heightened enforcement on national origin discrimination—require immediate organizational attention. Nonprofits continue to grapple with burnout, staffing shortages, and financial instability, while federal enforcement around overtime and religious accommodations demonstrates rising HR compliance risks. IRS updates emphasize early preparation for the 2026 filing season and vigilant monitoring of unrelated business income. State developments in New York, New Jersey, and Maryland introduce significant contracting and data-privacy obligations. Together, these developments demand proactive planning, interdepartmental coordination, and strong governance oversight as nonprofits enter 2026.

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.

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