

## **Abstract**

The January 12, 2026 Navigator News Update provides nonprofit leaders with a comprehensive, practical overview of the most significant legal, regulatory, human resources, financial, and state-level developments shaping the operating environment as 2026 begins. With federal appropriations uncertainty continuing, increased regulatory scrutiny of nonprofits, accelerating workforce pressures, and expanding state compliance obligations, organizations face compounding risks that directly affect funding stability, staffing, governance, and long-term sustainability. This week's update highlights critical federal funding deadlines, litigation trends affecting nonprofit operations, evolving employment and compensation requirements, new IRS compliance guidance, and state laws reshaping privacy, pay transparency, charitable solicitation, and governance practices. Designed to save leaders time while enhancing situational awareness, this update identifies where immediate action is required, where organizational responses should be planned, and where emerging developments warrant close monitoring.

## **January 12, 2026 Navigator News Update: Including Another Shutdown Deadline, Workforce Shortages, Nonprofits Vs. Administration & More!**

**From Nonprofit Management Navigator**

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

### **Introduction**

As nonprofit organizations enter 2026, many are doing so in an environment defined by continued uncertainty rather than stability. Federal funding remains unsettled, regulatory expectations are shifting rapidly, and operational pressures that intensified in 2025 show little sign of easing. At the same time, nonprofits are navigating workforce shortages, compensation pressures driven by wage increases, heightened scrutiny of governance and disclosures, and an expanding patchwork of state laws affecting privacy, fundraising, employment practices, and board operations.

This January 12, 2026 Navigator News Update brings together the most important developments nonprofit leaders need to understand to manage risk, protect mission delivery, and plan effectively in the months ahead. Each section provides concise summaries of recent developments, paired with executive-level context and practical action steps. Priority indicators are included to help leaders quickly assess urgency and focus attention where it is most needed. Together, these updates offer a clear snapshot of the challenges—and decisions—nonprofits must address as they begin the new year.

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## 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

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## Nonprofit News & Federal Regulatory Developments

 **Executive Summary:** Federal funding uncertainty remains a defining risk for nonprofits as Congress approaches another shutdown deadline and agencies continue operating under temporary appropriations. Litigation between nonprofits and the Trump administration continues to shape funding, compliance, and advocacy boundaries, while permanent structural changes—such as the dissolution of the Corporation for Public Broadcasting—underscore the long-term consequences of federal policy shifts. At the same time, sector outlooks project modest giving growth in 2026, offset by rising compliance burdens, funding volatility, and increased board scrutiny of financial resilience.

 **Key Actions for This Section:** - Develop contingency plans for potential federal funding interruptions tied to January appropriations deadlines - Review grant portfolios for exposure to federal delays, compliance reviews, or non-renewal risks - Strengthen liquidity planning, reserve policies, and multi-scenario budgeting for 2026 - Communicate proactively with boards and major funders about funding volatility and risk mitigation strategies - Diversify revenue sources to reduce reliance on unstable federal funding streams

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### **Federal Government Faces January 30 Funding Deadline**

Congress must pass remaining appropriations bills or another continuing resolution by January 30, 2026, to prevent a partial government shutdown. Nine of twelve spending bills remain unfunded, with negotiations ongoing. A shutdown would disrupt federal grants, contracts, and services many nonprofits depend upon. Organizations receiving federal funding should develop contingency plans and monitor congressional negotiations closely as the deadline approaches to mitigate potential service disruptions.

Source: <https://ctmirror.org>

### **Trump Administration Versus Nonprofits—Who Will Win?**

Nonprofits currently lead in litigation against Trump administration executive orders, with Just Security tracker showing 188 plaintiff victories versus 113 government wins through January 6, 2026. Courts blocked January 2025 federal funding freeze affecting \$3 trillion in

grants, and June 2025 preliminary injunction protected LGBTQ/HIV-serving organizations from DEI-related defunding. However, Supreme Court sided overwhelmingly with administration in 2025 emergency orders, and 213 cases await rulings. Litigation stretching into 2026 leaves ultimate victor uncertain as nonprofits maintain judicial momentum while administration continues executive action implementation.

Source: <https://www.justsecurity.org>

### **Corporation for Public Broadcasting Officially Dissolves January 2026**

The CPB board voted January 5 to dissolve the 58-year-old organization after Congress eliminated \$1.1 billion in federal funding through fiscal year 2027 in July 2025. CPB distributed approximately 70 percent of its funding to over 1,500 local public radio and television stations, with rural stations most dependent on these grants. Public media nonprofits should explore alternative revenue sources including individual donations, foundation grants, and state-level support as federal funding ends permanently, while archiving organizations receive CPB's remaining funds to preserve historic content.

Source: <https://www.nbcnews.com>

### **2026 Nonprofit Tax and Regulatory Outlook Projects Modest Giving Growth Amid Compliance Pressures**

BDO's December 2025 sector outlook projects philanthropic giving rebounding 2-4% in 2026, with foundation giving potentially reaching \$118-122 billion based on three-year average asset analysis. However, Congress adjourned without extending ACA premium tax credits expiring December 31, 2025, and government funding expires January 30, 2026, creating renewed shutdown risk. IRS issued Notice 2025-72 announcing proposed regulations under tax law changes, while Notice 2025-68 provides first guidance on new tax-deferred savings accounts. CFOs should expect increased board scrutiny on liquidity, reserves, and scenario resilience. Financial agility and multi-scenario budgeting become essential as funding selectivity and accountability demands intensify.

Source: <https://www.bdo.com>

### **Federal Funding Freeze Triggers Compliance Review for Domestic NGOs**

Federal agencies continue implementing the administration's directive to review all NGO funding for alignment with national security interests, with particular scrutiny on organizations involved in immigration services, environmental advocacy, and social justice work. Nonprofits report self-censorship and hesitancy to criticize administration policies while federal contracts and grants remain under review. Organizations receiving federal funding should conduct internal compliance assessments, document programmatic outcomes rigorously, consider legal consultation on advocacy activities, and develop contingency budgets anticipating potential funding interruptions or contract non-renewals during this period of heightened governmental scrutiny.

Source: <https://www.devex.com>

### **DOJ December Memo Directs Investigations Into Nonprofit “Domestic Terrorism” Ties**

Attorney General Pam Bondi’s December 4, 2025 memorandum implementing National Security Presidential Memorandum-7 directs FBI to compile lists of groups potentially engaged in domestic terrorism and investigate nonprofit funders. The directive reviews five years of files focusing on organizations labeled as supporting anti-fascist movements. Progressive advocacy nonprofits face heightened investigative scrutiny despite First Amendment protections. Nonprofits should review grant agreements for political activity restrictions, document lawful advocacy activities, and consult legal counsel on compliance obligations.

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

### **Federal Grant Processing Delays Continue After Government Reopening**

Federal agencies resumed operations after the government shutdown ended, but significant backlogs persist in grant application reviews, award processing, and payment reimbursements through January 2026. Most agencies operate under continuing resolution through January 30, creating uncertainty for FY2026 appropriations and program adjustments. Grant-seeking organizations should contact program officers immediately to confirm revised project timelines and reporting deadlines, document shutdown-related delays and costs for potential amendments, monitor agency websites for compressed NOFO schedules, verify payment status through appropriate drawdown systems, and prepare for extended review periods as agencies clear accumulated application backlogs.

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

### **Over 1,000 Nonprofits Remove DEI Language From IRS Tax Filings**

ProPublica analysis of 2025 Form 990 filings revealed over 1,000 nonprofits removed diversity, equity, and inclusion language from mission statements following Trump administration executive orders targeting DEI programs. Organizations ranging from Seattle Children’s Hospital to smaller charities revised statements and job titles. Compliance-driven revisions reflect regulatory risk management but create potential reputational vulnerabilities. Nonprofits should document mission continuity despite language changes, maintain transparent stakeholder communications, and consult legal counsel on Form 990 disclosures.

Source: <https://www.propublica.org>

### **EEOC Signals Increased DEI Enforcement Actions**

The Equal Employment Opportunity Commission restored its quorum in late 2025 with Andrea Lucas as chair, positioning the agency to issue new guidance and approve major litigation in 2026. The agency has initiated investigations into corporate diversity programs

and warned employers about DEI-based employment actions. Nonprofit employers must audit hiring, recruitment, and DEI programs for preferences based on protected characteristics. The agency's shift away from Biden-era policies requires immediate policy review and monitoring.

Source: [Holland & Knight](#)

#### **Federal Executive Order Challenges State AI Laws While State Regulations Proliferate in 2026**

President Trump signed December 11, 2025 executive order Ensuring a National Policy Framework for Artificial Intelligence establishing AI Litigation Task Force to challenge state laws deemed inconsistent with federal policy, specifically targeting Colorado AI Act effective June 30, 2026. Thirty-eight states passed AI legislation in 2025 addressing election integrity, healthcare applications, and automated decision-making discrimination. California enacted multiple 2026-effective laws including SB 942 requiring AI-generated content disclosure by platforms with 1 million+ monthly users and AB 2013 mandating generative AI training data transparency. Nonprofits face uncertain regulatory environment as federal preemption efforts clash with state consumer protection laws, employment discrimination requirements, and data privacy standards. Organizations should align AI governance with voluntary NIST AI Risk Management Framework, monitor Federal Communications Commission and Federal Trade Commission 2026 guidance, and assess vendor AI system compliance across multiple jurisdictions and data privacy standards.

Source: [Sidley Austin](#)

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## **Nonprofit Human Resources Developments**

 **Executive Summary:** Workforce pressures remain acute across the nonprofit sector as funding disruptions, rising labor costs, leadership transitions, and declining volunteer participation converge. Layoffs tied to federal funding instability continue to ripple through organizations, while minimum wage increases, hybrid work expectations, and heightened enforcement activity from federal agencies reshape employment practices. At the same time, large-scale volunteer initiatives and corporate volunteer programs offer partial offsets to staffing constraints, requiring nonprofits to rethink recruitment, retention, and workforce planning strategies for 2026.

 **Key Actions for This Section:** - Review workforce plans in light of continued funding uncertainty and documented sector-wide layoffs - Update compensation structures and budgets to account for minimum wage increases and wage compression risks - Audit hiring, DEI, and visa-related employment practices for compliance with evolving EEOC guidance - Formalize hybrid and flexible work policies to improve retention and expand talent pools - Strengthen volunteer engagement strategies, including corporate

partnerships and national initiatives - Develop succession plans and leadership transition protocols to maintain continuity

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### **Nonprofit Sector Reports 28,696 Job Cuts Amid Federal Funding Disruptions**

Chronicle of Philanthropy tracking reveals nonprofit sector documented at least 23,000 full-time position eliminations from Inauguration Day through June 2025, driven by federal funding freezes and downstream impacts. Layoffs span health care systems, education organizations, refugee resettlement agencies, and research institutions across all geographic regions. Organizations face difficult choices between mission preservation and financial sustainability. Leaders should explore severance assistance resources, prioritize workforce retention strategies, cross-train remaining staff, and maintain donor communications emphasizing continued mission impact.

Source: [Chronicle of Philanthropy](https://philanthropy.com/article/nonprofit-sector-reports-28696-job-cuts-amid-federal-funding-disruptions)

### **Nonprofits Face Mounting Pressures as 2025 Report Reveals Workforce Crisis**

Independent Sector's 2025 Health of the U.S. Nonprofit Sector report reveals critical challenges facing America's 1.9 million nonprofits. With 68% expecting rising demand but only 31% expanding services, organizations struggle as 81% cannot raise sufficient funds and 36% ended fiscal year 2025 with deficits. Workforce pressures intensify: more than 11% report over 21% of positions vacant, while 25% cite insufficient benefits hampering recruitment. Only 12% of organizations with budgets under \$250,000 provide health insurance. For nonprofits, these findings underscore urgent needs to address compensation gaps, enhance benefits packages, and develop competitive retention strategies despite constrained resources.

Source: <https://independentsector.org>

### **Volunteerism Decline Threatens Nonprofit Operations Despite Organizational Reliance**

Three-quarters of nonprofit organizations depend on volunteers, with 52% deeming them essential to operations, yet formal volunteering has dropped from 30% pre-pandemic to 28% post-COVID according to U.S. Census data. This decline creates operational strain as organizations face difficulties sustaining programs while demand increases. The 2025 Independent Sector report highlights this growing gap between volunteer supply and organizational need, particularly affecting smaller nonprofits. Organizations must develop innovative volunteer engagement strategies, including flexible scheduling, virtual opportunities, and corporate partnerships to address this critical resource shortage and maintain service capacity.

Source: <https://independentsector.org>

## **America250 Launches Record Volunteerism Initiative for 2026**

America250, the congressional commission for the nation's 250th anniversary, launched America Gives on December 31 to make 2026 the largest year of volunteerism in U.S. history. The initiative features a national volunteer tracking system and a sweepstakes awarding \$1 million to charities chosen by 250 randomly selected volunteers who log service hours. Nonprofits can register as Founding Partner organizations, access increased volunteer recruitment through Points of Light partnerships, and benefit from corporate commitments to expanded employee volunteer programs throughout the commemorative year.

Source: <https://america250.org>

## **Corporate Volunteer Programs Emerge as Reliable Pipeline Amid Individual Volunteerism Decline**

As individual volunteerism continues declining into 2026, corporate volunteer programs offer nonprofits a more stable engagement pathway, with employee participation 7.6 times higher when company-sponsored versus employee-initiated. Analysis from Giving USA 2025 reveals that embedding volunteering in corporate culture with logistical support drives participation. With 77% of companies reporting increased workplace volunteerism in 2024, nonprofits should prioritize developing structured corporate partnerships. These relationships provide recurring engagement, professional skills, and measurable resource investments. Organizations must adapt volunteer management systems to accommodate corporate programs, potentially converting these volunteers into long-term supporters, committee members, or donors.

Source: <https://winklergroup.com>

## **Hybrid Work Becomes Permanent Fixture as Nonprofits Navigate Flexibility Demands**

Hybrid work has evolved from pandemic necessity to strategic competitive advantage, with 51% of remote-capable employees working hybrid arrangements—now the dominant workplace model. Nonprofits embracing flexibility report improved retention, expanded talent pools, and enhanced employee wellbeing. However, organizations must develop structured policies addressing eligibility criteria, communication standards, data security, and performance metrics focused on deliverables rather than visibility. Research from Stanford shows hybrid models reduce resignations by 33% without impacting productivity. Nonprofits should formalize hybrid policies for 2026, particularly as candidates increasingly reject roles requiring full-time office presence or relocation, limiting access to qualified talent.

Source: <https://www.hrserviceinc.com>

## **Minimum Wage Increases Affect 88 Jurisdictions, Impacting Nonprofit Compensation Budgets**

Twenty-two states and 66 cities increased minimum wages by January 2026, with 79 jurisdictions reaching or exceeding \$15 per hour, collectively adding \$5 billion in worker earnings. Hawaii saw the largest increase—\$2 per hour to \$16—while Nebraska reached \$15. These changes force nonprofits to adjust compensation structures, particularly for entry-level positions, potentially compressing pay scales and requiring merit increase reevaluation. Organizations must ensure compliance with applicable wage laws, update workplace notices, and budget for increased labor costs. Nonprofits with remote workers across multiple states face additional complexity tracking varying minimum wage requirements and adjusting compensation accordingly to maintain competitiveness and legal compliance.

Source: <https://www.nelp.org>

### **Nonprofit Leadership Transitions Accelerate as Uncertainty Becomes New Normal**

After initial risk aversion during 2025's turbulent first half, nonprofit leaders increasingly accept uncertainty as permanent, driving leadership movement. Sitting CEOs now pursue new opportunities, long-tenured leaders retire, and organizations recognize needs for fresh strategic leadership to navigate evolving challenges. This shift creates both opportunities and risks: while new leadership can bring innovation, transitions disrupt organizational continuity and institutional knowledge. Nonprofits must develop robust succession planning, knowledge transfer processes, and leadership pipeline development. Organizations should also prepare for increased competition for executive talent and consider interim leadership solutions during transitions to maintain operational stability and stakeholder confidence.

Source: <https://www.dsgco.com>

### **New W-2 Reporting Requirements for Overtime and Tips Begin in 2027**

The IRS announced that starting with tax year 2026, employers must separately report overtime and tip amounts on Form W-2 using new Box 12 codes. For 2025, the IRS provides transition relief with no penalties for non-reporting while current FLSA requirements are met. Nonprofits in hospitality, healthcare, and food services need to update payroll systems before 2027 to track qualified overtime and tips separately, ensuring accurate employee tax deduction reporting.

Source: [REDW](#)

### **EEOC Issues National Origin Discrimination Guidance Targeting Visa Workers**

The EEOC released guidance in November 2025 warning that job postings stating “H-1B preferred” or “H-1B only” constitute national origin discrimination. The guidance also addresses disparate treatment in terminating American workers versus visa guest workers. Nonprofits hiring foreign workers must review job postings, hiring practices, and termination policies to ensure equal treatment of American and visa-holding employees. Non-compliance risks EEOC investigations and enforcement actions.

Source: <https://www.hrdive.com/news/eeoc-hints-at-2026-priorities-with-national-origin-bias-guidance/806115/>

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## IRS, Accounting & Finance Developments

 **Executive Summary:** Federal tax compliance and financial reporting obligations continue to intensify for nonprofit organizations entering the 2025–2026 filing cycle. Updated IRS guidance clarifies Form 990 filing requirements, reinforces mandatory electronic filing for organizations of all sizes, and emphasizes the public disclosure obligations that heighten transparency and governance accountability. At the same time, extended transition relief for paid family leave programs offers short-term administrative flexibility, while upcoming reporting changes require advance payroll system preparation. Collectively, these developments demand heightened coordination among finance staff, boards, and external advisors.

 **Key Actions for This Section:** - Review updated Form 990 instructions and confirm filing timelines, electronic filing readiness, and short-period return requirements - Ensure small organizations comply with Form 990-N electronic filing obligations to avoid automatic revocation - Prepare boards for enhanced public visibility of Form 990 governance disclosures - Coordinate with payroll providers on upcoming W-2 reporting changes and PFML transition relief timelines - Review accounting period changes, extension procedures, and internal controls ahead of the May 15 filing deadline.

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### IRS Releases Updated 2025 Form 990 Instructions with Critical Filing Guidance

The IRS published mid-December 2025 Instructions for Form 990 providing essential technical guidance for 2025 tax year filings. Updates include clarified rules for short-period returns when organizations commence operations, terminate, or change accounting periods, plus detailed accounting period change procedures requiring either approved Form 1128 or Revenue Procedure 85-58 compliance. Electronic filing remains mandatory for 2025 returns, available only for current year and two prior periods. Organizations filing short-period returns must carefully follow updated instructions to avoid processing delays. The May 15, 2026 deadline applies to calendar-year filers, with automatic six-month extensions available via Form 8868.

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

### IRS Publication 4163 Reiterates Electronic Filing Requirements for Small Exempt Organizations

Publication 4163 (Revised December 2025) reinforces annual Form 990-N e-Postcard electronic filing requirements for small tax-exempt organizations with gross receipts normally \$50,000 or less. The publication clarifies that organizations failing to file for three

consecutive years face automatic tax-exempt status revocation. Small organizations must electronically submit basic information including EIN, tax period, legal name, mailing address, principal officer details, and gross receipts confirmation by the 15th day of fifth month after tax year ends. Organizations can alternatively file complete Form 990 or 990-EZ voluntarily. No filing deadline extensions exist for Form 990-N, making timely compliance essential.

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

### **Form 990 Public Disclosure Requirements Emphasize Transparency and Organizational Accountability**

The IRS mandates that completed Form 990 returns, excluding Schedule B contributor information, must be publicly available, enhancing sector transparency and donor confidence. Organizations must make their three most recent Forms 990, 990-EZ, or 990-PF available for public inspection upon request or online posting. Failure to comply triggers IRS penalties. Public accessibility through databases like Candid's GuideStar and ProPublica's Nonprofit Explorer occurs 12–18 months after fiscal year end due to processing delays. Form 990's public nature requires careful attention to organizational profile descriptions and accomplishment narratives. Governance sections detail board review processes, demanding boards actively engage with return content before submission.

Source: <https://boardsource.org>

### **IRS Extends Paid Family Leave Tax Transition Period Through 2026**

The IRS issued Notice 2026-6 on December 19, extending transition relief for state paid family and medical leave programs through calendar year 2026. States and employers participating in PFML programs will not be required to comply with federal income tax withholding or employment tax reporting for medical leave benefits attributable to employer contributions during 2026. Nonprofits with employees in states with PFML programs should coordinate with payroll providers to prepare for full compliance requirements beginning in 2027.

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

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## **State Nonprofit Developments**

 **Executive Summary:** State-level regulatory activity continues to accelerate in 2026, expanding compliance obligations for nonprofits across employment practices, governance, privacy, taxation, and charitable solicitation. New pay transparency laws, minimum wage increases, and evolving data privacy regimes require organizations to navigate increasingly complex, multi-jurisdictional requirements. At the same time, states are modernizing nonprofit governance statutes and expanding tax exemptions that create

both compliance risks and strategic opportunities. Nonprofits operating across state lines must strengthen monitoring, documentation, and coordination to remain compliant while sustaining operations.

 **Key Actions for This Section:** - Review pay transparency, minimum wage, and exempt salary threshold changes in all applicable jurisdictions - Assess applicability of new state consumer data privacy laws and confirm exemption status where available - Update charitable solicitation registrations, disclosures, and professional fundraiser contracts to reflect statutory changes - Review bylaws and governance procedures for alignment with updated state nonprofit corporation statutes - Coordinate with legal counsel and vendors to ensure multi-state compliance across employment, privacy, and fundraising activities

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### **Pay Transparency Laws Expand Across States, Creating Compliance Challenges for Nonprofits**

Massachusetts, Delaware, and New Jersey enacted new pay transparency laws in 2025, joining 16 states with wage disclosure requirements effective in 2026. Massachusetts' Frances Perkins Workplace Equity Act mandates employers with 25+ employees include pay ranges in job postings and provide them to current employees offered promotions. New Jersey's law applies to employers with 10+ employees and requires announcing promotional opportunities internally. These regulations demand nonprofits establish defensible compensation philosophies, update job posting procedures, and ensure multi-state compliance. Organizations must review policies, communicate transparently about compensation structures, and potentially address internal equity issues these laws may reveal.

Source: <https://disa.com>

### **California AB 1170 Modernizes Nonprofit Corporation Meeting and Voting Requirements**

Assembly Bill 1170, effective January 1, 2026, amends California's Corporations Code with nonsubstantive technical changes to Nonprofit Public Benefit and Mutual Benefit Corporation laws governing meetings and voting procedures. The legislation maintains existing meeting, ballot, and unanimous written consent methods while clarifying statutory language for consistency across sections 38–41. California nonprofits should review updated provisions ensuring board and member meeting procedures comply with modernized code language. Organizations must verify their bylaws align with revised statutory references to avoid inadvertent governance violations during director elections, member actions, or consent procedures.

Source: <https://www.wolterskluwer.com>

## **Texas House Bill 23 Expands Property Tax Exemptions for Nonprofit Agriculture and Youth Programs**

House Bill 23, effective January 1, 2026, expands ad valorem property tax exemptions for nonprofit-owned properties in counties with populations of 3.3 million or more when used for agriculture, youth support, and community education purposes. The legislation provides significant property tax relief for qualifying nonprofit organizations operating farms, youth development programs, and educational facilities. Texas nonprofits should determine eligibility for expanded exemptions and file necessary applications with county appraisal districts to capture property tax savings. Organizations must document property use alignment with statutory exemption criteria to maintain qualification under new provisions.

Source: <https://texasborderbusiness.com>

## **Indiana Consumer Data Privacy Act Imposes New Compliance Requirements on Nonprofits**

Indiana's Consumer Data Protection Act enforcement began January 1, 2026, with the Attorney General's office confirming active oversight of covered entities including certain nonprofits. While limited nonprofit exemptions exist, organizations must determine applicability based on entity type, data processing activities, and vendor relationships. Nonprofits processing Indiana resident data face potential compliance obligations including privacy notices, opt-out mechanisms, and data security measures. Organizations should conduct privacy assessments confirming exemption status or implementing required safeguards. Third-party vendor contracts require review ensuring processors meet CDPA standards, as nonprofit data controllers remain liable for vendor compliance failures.

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

## **Kentucky Consumer Data Protection Act Effective January 1 with Nonprofit Applicability Limits**

Kentucky's Consumer Data Protection Act became effective January 1, 2026, with recent statutory amendments clarifying nonprofit exemptions and operational compliance expectations. The law affects nonprofit privacy practices operationally through vendor and partner relationships even when organization-specific exemptions apply. Nonprofits must verify exemption eligibility while ensuring for-profit processors and partners handling Kentucky resident data meet statutory privacy standards. Organizations contracting with covered processors face indirect compliance pressure through data processing agreements requiring CDPA-compliant handling. Kentucky nonprofits should review vendor contracts confirming partner compliance, assess internal data practices, and document exemption qualifications maintaining operational flexibility.

Source: <https://legislature.ky.gov>

## **New York Minimum Wage Increases to \$17 Downstate, \$16 Upstate Impacting Nonprofit Budgets**

New York's minimum wage increased January 1, 2026 to \$17.00 per hour in New York City, Nassau, Suffolk, and Westchester counties, and \$16.00 per hour statewide, representing a \$0.50 hourly increase. Corresponding exempt salary thresholds rose to \$66,300 annually downstate and \$62,353.20 upstate. Starting 2027, increases index to three-year Consumer Price Index averages, creating ongoing budget pressure. Nonprofits face immediate payroll cost increases, wage compression issues requiring broader salary adjustments, and grant budgeting complications where funders haven't increased rates. Organizations should review all employee classifications ensuring exempt status compliance, adjust 2026 budgets for increased labor costs, and proactively engage funders about cost-of-living adjustments.

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

## **Washington Updates Charitable Solicitations Law with Enhanced Registration Requirements**

Washington's RCW 19.09 Charitable Solicitations statute includes multiple provisions marked effective January 1, 2026, updating registration, reporting, and disclosure requirements for charities and professional fundraisers. Updates affect organizations soliciting contributions from Washington residents regardless of physical presence in state. Nonprofits must review compliance with revised registration deadlines, financial reporting thresholds, and disclosure obligations. Organizations using professional fundraisers face enhanced contract filing and performance reporting requirements. Washington nonprofits should verify timely registration renewals, assess solicitation practices against updated disclosure standards, and ensure fundraiser contracts meet new statutory provisions avoiding enforcement actions or registration suspensions.

Source: <https://leg.wa.gov>

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## **Summary**

As nonprofit organizations begin 2026, the developments highlighted in this Navigator News Update underscore an operating environment defined by continued uncertainty, expanding compliance obligations, and sustained pressure on financial and human resources. Federal funding instability, ongoing litigation affecting nonprofit operations, and heightened regulatory scrutiny are converging with workforce shortages, rising compensation costs, and declining volunteer participation. At the same time, new IRS guidance reinforces transparency and governance expectations, while state legislatures continue to reshape the rules governing employment practices, data privacy, charitable solicitation, taxation, and nonprofit governance.

Together, these developments require nonprofit leaders to remain proactive, informed, and flexible. Organizations must strengthen financial resilience through scenario planning and diversification, invest in workforce and volunteer strategies that reflect current labor realities, and ensure compliance systems keep pace with rapidly evolving federal and state requirements. The weeks ahead will demand close monitoring, disciplined governance, and timely decision-making as nonprofits balance mission delivery with risk management in a complex and unsettled landscape.

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## **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**

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