

## **Abstract**

Nonprofit leaders face a rapidly shifting federal and state operating environment as of February 2, 2026. This Navigator News Update compiles verified developments affecting nonprofit funding stability, federal budget actions, grant oversight, workforce compliance, IRS procedure changes, audit scrutiny, and state-level nonprofit regulation. Major themes include a bipartisan federal budget deal preventing most shutdown impacts, expanded federal fraud and grant oversight, intensifying nonprofit workforce pressures, new HR and labor compliance guidance, and significant IRS and finance rule updates. State actions on nonprofit funding, privacy, AI transparency, and contract payment rules add additional operational complexity.

## **February 2, 2026 Navigator News Update: Including Federal Budget Deal, Nonprofit Fraud Oversight, HR Challenges and More!**

**From Nonprofit Management Navigator**

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

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## **FREE SPECIAL REPORT**

### **The DAF Dilemma: Why One-Size-Fits-All Guidance Fails Nonprofits—Download This Free Special Report**

For nonprofit development professionals, guidance about donor-advised funds has emphasized a consistent message: organizations can benefit from cultivating DAF support. Conference sessions explore implementation strategies. Sponsors offer educational resources about enhancing organizational visibility. Consulting firms provide specialized services. The underlying premise is that organizations not engaging with DAFs may miss opportunities that peers are capturing.

Does this guidance apply equally across all organizational contexts? Or do the benefits and costs of intensive DAF cultivation vary systematically based on organizational characteristics in ways that merit closer examination? This Special Report explores the pros and cons of DAF cultivation across different organization sizes.

Download the Special Report At: <https://nonprofitmanagementnavigator.com/>

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## Introduction

This February 2, 2026 Navigator News Update brings together confirmed federal, HR, IRS, finance, and state developments with direct operational impact on nonprofit organizations. A Congressional budget deal reduced immediate shutdown risk for most agencies, but targeted funding threats and fraud enforcement expansion are increasing scrutiny of nonprofit recipients. Workforce retention pressures, new labor guidance, AI adoption trends, and shifting HR compliance rules require active attention. IRS procedural updates, audit enforcement signals, and UBIT and mileage rule changes affect governance and reporting. Use the priority indicators and section action lists below to quickly identify where immediate response, structured review, or monitoring is warranted.

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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 and Federal Regulatory Developments

- **Executive Summary:** Federal budget action reduced immediate shutdown risk for most agencies, but new grant oversight, fraud enforcement, sanctuary city funding threats, and program restructuring litigation create continued funding and compliance uncertainty.

- **Key Actions for This Section:**

- Monitor federal budget passage and implementation and DHS continuing resolution timing

- Review federal grant compliance and documentation controls

- Assess exposure to jurisdiction-based funding risks

--Prepare contingency funding scenarios

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### ● **Bipartisan Budget Agreement Ends Shutdown Threat for Most Federal Agencies**

Congress reached a bipartisan agreement separating Department of Homeland Security funding from five other appropriations bills covering Defense, Labor-HHS-Education, Transportation-HUD, State Department, and Financial Services. The five bills provide full-year funding through September 2026, while DHS receives a two-week continuing resolution through February 13 to allow further negotiations. For nonprofits, the agreement restores funding certainty for critical programs including HHS health and human services grants, Labor Department workforce programs, Education Department funding, and HUD housing assistance programs that serve vulnerable populations nationwide.

Source: [CBS News](#)

### ● **Federal Review of Democratic State Funding Signals Potential Grant Disruptions**

The White House Office of Management and Budget ordered federal agencies to compile comprehensive data on all funding to 14 Democratic-controlled states and Washington, DC, including grants, loans, and contracts to nonprofits, universities, and local governments. The January 22 directive covers California, Colorado, Connecticut, Delaware, Illinois, Massachusetts, Minnesota, New Jersey, New York, Oregon, Rhode Island, Vermont, Virginia, and Washington state. While characterized as a data-gathering exercise to reduce improper fund use, the review heightens concerns about potential politically-motivated funding suspensions affecting thousands of nonprofit organizations. Agencies had January 28 deadline to submit fiscal 2025 and projected fiscal 2026 funding details.

Source: [CBS News](#)

### ● **DOJ Establishes National Fraud Enforcement Division**

The Trump administration announced January 8, 2026 creation of a new DOJ division targeting fraud in federal programs, federally funded benefits, businesses, and nonprofits nationwide. The division will coordinate multi-district investigations and work with federal agencies to investigate grant fraud, with particular focus on Minnesota programs where 98 defendants face fraud charges. While specific nonprofit investigations were not

detailed, the division signals increased scrutiny of grant compliance, potentially affecting organizations receiving federal funds through heightened auditing and enforcement.

Source: [White House](#)

### **Trump Administration Threatens Federal Funding Suspension to Sanctuary Cities and States**

President Trump announced plans to suspend federal funding to sanctuary jurisdictions beginning February 1, 2026, targeting states and cities limiting cooperation with immigration enforcement. The announcement affects 14 states plus Washington, DC, and more than 30 cities, potentially disrupting federal grants and contracts essential to local nonprofit service delivery. Courts previously ruled such funding suspensions unconstitutional, blocking similar first-term attempts. The Department of Justice published a list identifying affected jurisdictions, while state attorneys general vowed immediate legal challenges. Nonprofits operating in these jurisdictions face uncertain access to critical federal resources.

Source: [NPR](#)

### **Sanctuary Funding Cuts Could Force Nonprofit Service Reductions and Closures**

The National Council of Nonprofits warns that proposed federal funding suspensions to sanctuary cities could force service cuts, layoffs, or permanent closures for organizations serving vulnerable populations. Approximately one-third of U.S. nonprofits receive some government support, making funding disruptions consequential nationally. Organizations providing housing assistance, afterschool programs, healthcare, and social services face immediate operational threats if payments cease. Previous federal funding freezes have already created budgetary uncertainty, staff reductions, and service suspensions. The sector confronts a double-crisis scenario where demand for services increases while resources disappear.

Source: [United Way Worldwide](#)

### **Federal Judge Blocks HUD Overhaul of Continuum of Care Homeless Services Funding**

U.S. District Judge Mary McElroy issued a preliminary injunction blocking HUD's attempt to dramatically restructure the \$4 billion Continuum of Care program, preserving existing funding formulas for homeless services nonprofits. The December 2025 ruling prevents

proposed restrictions on permanent supportive housing and stops enforcement of new conditions tying funding to administration priorities on DEI, transgender rights, and immigration enforcement. The Continuum of Care program funds nonprofits nationwide providing housing and services to veterans, families, seniors, and disabled individuals experiencing homelessness. HUD must now use previous-year funding guidelines while litigation continues, protecting over 170,000 people from potential housing loss.

Source: [NPR](#)

### **Brief CDC Funding Pause Highlights Ongoing Public Health Grant Instability**

The Department of Health and Human Services temporarily paused, then quickly restored, over \$5 billion in CDC public health infrastructure grants to review alignment with administration priorities. The January 24-25 freeze affected 107 health departments nationwide and three national organizations supporting workforce development, emergency preparedness, and disease surveillance. The 24-hour disruption follows similar pattern of behavioral health grant terminations later reversed under pressure. Public health nonprofits dependent on these grants face continued uncertainty as the administration reviews funding for diversity, health equity, and workforce programs. The pause demonstrated vulnerability of essential public health infrastructure to political review.

Source: [STAT News](#)

### **Major 'Be The People' Campaign Mobilizes Nonprofits Around Civic Engagement**

A coalition of 50 foundations launched the 'Be The People' campaign with over \$200 million in first-year funding to mobilize nonprofits and civic partners around community problem-solving. Timed to America's 250th anniversary, the initiative brings together organizations including GivingTuesday, Goodwill Industries, Habitat for Humanity, and the MacArthur Foundation in a 10-year commitment to civic engagement. The campaign responds to research showing many people want to contribute to communities but lack pathways to participate. Participating nonprofits can access resources and coordinate activities under a shared banner addressing poverty, addiction, violence, and economic mobility.

Source: [PBS News](#)

### **DHS Eliminates One-Year Absence Rule for Religious Workers**

Effective January 16, 2026, R-1 religious workers who reach their five-year maximum stay no longer must remain abroad for one year before reapplying. This interim final rule reduces disruptions for churches, mosques, synagogues, and other nonprofit religious organizations facing clergy shortages exacerbated by EB-4 green card backlogs. The change applies only to religious workers; other nonprofit worker categories remain subject to existing visa rules, requiring faith-based nonprofits to maintain continuity in ministry services.

Source: : [Federal Register](#)

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# Nonprofit Human Resources Developments

- **Executive Summary:** Nonprofits face rising HR compliance complexity, workforce shortages, AI-driven HR transformation, and new federal and state labor guidance affecting overtime, harassment standards, safety reporting, and loan forgiveness incentives.

- **Key Actions for This Section:**

- Review overtime and compensation calculations

- Confirm OSHA posting compliance

- Update harassment and workplace conduct policies

- Reassess retention and recruiting incentives

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## ● Nonprofits Navigate Complex Federal HR Regulatory Landscape in 2026 Amid Multiple Compliance Pressures

Nonprofits face unprecedented regulatory complexity in 2026, including AI employment regulations, expanded pay transparency laws, evolving overtime rules, and new tax reporting requirements. ADP identifies 48 state-specific HR compliance changes while ArentFox Schiff highlights federal grant restrictions, cybersecurity mandates, and political activity rules. Organizations must navigate FLSA updates, EEO-1 reporting modifications, state-mandated retirement programs, and escalating data privacy requirements. Strategic compliance planning, cross-functional collaboration, and investment in monitoring systems are essential to manage regulatory risk and avoid penalties.

Source: [ADP](#)

## ● New Research Confirms Persistent Nonprofit Workforce Crisis with Recruitment and Retention Challenges

Recent 2026 research highlights ongoing nonprofit workforce pressures, with 45% of organizations reporting difficulty finding qualified staff despite some recruitment timeline improvements. The 2026 Nonprofit Compensation and Talent Strategies Report reveals 40% of nonprofits experienced staffing reductions tied to funding instability. Salary competition, burnout, and budget constraints continue threatening service delivery capacity. Organizations must innovate in compensation strategies, benefits offerings, and leadership development to address deepening talent shortages while maintaining mission delivery.

Source: [Career Blazers](#)

### ● **Nonprofits Face Deepening Workforce Shortage Crisis with Extended Job Vacancies and Service Gaps**

Recent data confirms 74.6% of nonprofits report job vacancies and difficulties filling positions, with salary competition affecting 72% of organizations. Wipfli survey findings show 60% of nonprofit leaders identify talent retention as their toughest 2026 challenge. Extended vacancies in direct service roles threaten program delivery capacity, while stress and burnout among remaining staff create a vicious cycle. Organizations must address compensation gaps, enhance workplace culture, and strengthen retention strategies to sustain mission delivery amid persistent talent shortages.

Source: [Wipfli](#)

### ● **HR Leaders Prioritize AI and Advanced Technology Adoption to Address Workforce Planning and Administrative Burdens**

ADP's 2026 HR Trends Guide reveals 48% of large organizations now use agentic AI, with 327% growth projected by 2027. Social impact sector leaders are adopting AI to automate administrative tasks, streamline hiring processes, and enhance workforce analytics. However, 93% of employees report AI underutilization and 55% of HR leaders cite inadequate technology systems. Nonprofits must invest strategically in AI governance, staff training, and HR-IT collaboration while maintaining human oversight to successfully leverage technology for talent management and operational efficiency.

Source: [ADP - HR in 2026 will be Defined by the Impact of AI Innovation on Work](#)

### ● **Uncertainty Concerning the Future of Public Service Loan Forgiveness Threatens 2026 Nonprofit Recruiting and Retention**

The Education Department finalized regulations effective July 1, 2026, allowing disqualification of employers with "substantial illegal purpose." Twenty-two state attorneys general filed lawsuits challenging the rule's statutory authority and vague standards. Payments after employer disqualification won't count toward required 120 payments. The uncertainty threatens nonprofit recruitment and retention as PSLF has been critical for competing with private-sector salaries. Organizations should monitor litigation and assess impacts on talent strategy.

Source: [Student Loan Planner](#)

## ● **DOL Issues Six Opinion Letters Clarifying FLSA Overtime and FMLA Requirements**

The Department of Labor's Wage and Hour Division released six opinion letters on January 5, 2026, providing critical guidance on overtime calculations, bonus pay inclusion in regular rates, and employee classification under the Fair Labor Standards Act and Family and Medical Leave Act. Nonprofits must review compensation structures immediately, as performance-based bonuses may now require inclusion in overtime calculations, potentially increasing payroll costs. Misclassification risks remain high, making compliance review essential to avoid penalties.

Source: [Holland & Knight - DOL Issues 6 New Opinion Letters on FLSA and FMLA Compliance](#)

## ● **EEOC Rescinds Comprehensive Workplace Harassment Guidance, Reducing Federal Standards**

On January 22, 2026, the Equal Employment Opportunity Commission voted 2-1 to rescind its Biden-era Enforcement Guidance on Harassment in the Workplace. While the rescission doesn't change underlying federal anti-harassment law, it removes detailed agency interpretation on harassment prevention, digital harassment, and protected characteristics. Nonprofits must continue maintaining harassment-free workplaces under Title VII and state laws, but face increased uncertainty regarding federal enforcement expectations and should consult legal counsel on policy updates.

Source: [Littler - EEOC Rescinds Enforcement Guidance on Harassment](#)

## ● **OSHA Form 300A Posting Requirement Begins February 1 Through April 30, 2026**

Nonprofits with 11 or more employees must display their completed OSHA Form 300A summary of 2025 workplace injuries and illnesses in a conspicuous location from February 1 through April 30, 2026. Organizations with 20+ employees in designated industries must electronically submit Form 300A data by March 2. Failure to post or submit creates citation risks during OSHA inspections, potentially triggering penalties and increased scrutiny of workplace safety programs.

Source: [SHRM](#)

**● FEMA Suspends Disaster Worker Terminations Amid Winter Storm, Highlighting Federal HR Volatility**

The Department of Homeland Security paused planned terminations of FEMA disaster response workers on January 23, 2026, as a major winter storm threatened 160 million Americans. Roughly 300 disaster workers had already been terminated in January before the suspension. For disaster-response nonprofits, this workforce instability at FEMA creates partnership uncertainty and may increase local service demands as federal response capacity fluctuates, requiring organizations to reassess emergency preparedness planning and potential surge staffing needs.

Source: [The Washington Post - DHS pauses cuts to FEMA as massive winter storm barrels in](#)

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## IRS, ACCOUNTING & FINANCE DEVELOPMENTS

• **Executive Summary:** Current IRS, accounting, and finance developments signal a tightening compliance and oversight environment for nonprofit organizations. Federal fraud investigations, congressional scrutiny of grant programs, and expanded Single Audit focus are increasing expectations around documentation, internal controls, and subrecipient monitoring. At the same time, the IRS is implementing procedural modernization affecting group exemptions, determination letters, filing processes, mileage rates, and unrelated business income reporting. Even where IRS workforce reductions may slow processing, filing and substantiation standards remain unchanged. For nonprofit leaders, finance and compliance functions should be treated as enterprise risk priorities requiring proactive audit readiness, policy updates, and continuous monitoring of IRS procedural releases.

• **Key Actions for This Section:**

- Review Single Audit status, auditor engagement, and filing timelines now to prevent late submissions
- Strengthen internal controls over federal awards, procurement, and subrecipient oversight
- Confirm compliance with updated IRS procedures for group exemptions and determination letters
- Evaluate unrelated business income activities and verify Form 990-T and estimated tax obligations
- Update mileage and expense reimbursement policies to reflect current IRS rates
- Ensure finance leadership is tracking new IRS revenue procedures and compliance supplements

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● **Minnesota Fraud Investigation Signals Stricter Federal Oversight**

Congressional investigations into the \$250 million Feeding Our Future fraud scheme and related Minnesota social services frauds have prompted stricter federal oversight of nonprofit recipients. The House Oversight Committee is examining how nonprofits exploited weak state oversight to defraud federal child nutrition, autism therapy, and other programs, with potential fraud reaching \$9 billion across 14 Minnesota programs since 2018. Federal agencies are implementing enhanced monitoring, including mandatory audits, strengthened procurement requirements, and improved subrecipient oversight. Nonprofits nationwide should expect increased scrutiny of internal controls, documentation standards, and grant compliance as federal agencies respond to Congressional pressure for enhanced accountability.

Source: <https://oversight.house.gov/release/comer-expands-investigation-into-widespread-fraud-uncovered-in-minnesota-government-programs/>

### ● **Audit Failures Draw Congressional and Media Attention**

Federal investigators and Congressional oversight committees highlighted widespread failures by nonprofits to complete required Single Audits, with tens of millions in federal funds awarded to organizations without timely audit submissions. The Federal Audit Clearinghouse deadline—the earlier of 30 days after receiving the auditor's report or nine months after fiscal year end—is frequently missed. Organizations failing to submit required audits face high-risk designation, jeopardizing future federal funding. The scrutiny emphasizes the need for nonprofits to select qualified auditors early, maintain audit-ready documentation throughout the year, and implement internal controls that facilitate smooth audit completion.

Source: [Dimov Audit](#)

### ● **Nonprofit Single Audit Compliance Faces Heightened Scrutiny**

Recent federal focus on Single Audit compliance highlights ongoing accountability concerns for organizations receiving substantial public funds. The 2025 Compliance Supplement, finally released in November 2025 after significant delays, emphasizes proper procurement procedures, timely reporting, and subrecipient monitoring. Common audit findings include inadequate vendor SAM.gov verification, missing price analysis documentation, late financial reports, and weak payroll allocation systems. Nonprofits must strengthen internal controls, establish audit-ready documentation practices, and engage experienced auditors early to avoid findings that could jeopardize future federal funding eligibility.

Source: [GRF CPAs](#)

### ● **Rev. Proc. 2026-8 Modernizes Group Exemption Letter Program**

The IRS issued Rev. Proc. 2026-8 on January 20, 2026, modernizing the group exemption letter program for the first time since 1980. Central organizations must now have at least five subordinates to obtain a group exemption letter and can maintain only one such letter. The procedure mandates electronic submissions, requires central organizations to obtain and review subordinates' Form 990 or 990-EZ filings, and clarifies general supervision requirements. Organizations with existing group rulings have until January 22, 2027, to comply with new requirements. The changes increase

oversight and data integrity but impose stricter compliance obligations on central organizations supervising subordinate nonprofits.

Source: [IRS](#)

### ● **IRS Opens 2026 Tax Season Amid 27% Workforce Reduction**

The IRS announced January 26, 2026 as the start of the tax filing season, expecting 164 million returns despite workforce cuts from 102,000 to 74,000 employees. The 27% reduction affects all divisions including Exempt Organizations, raising concerns about delayed processing and reduced taxpayer assistance. National Taxpayer Advocate Erin Collins warned that success will depend on how well the IRS assists taxpayers experiencing problems, creating potential compliance challenges for nonprofits filing Forms 990.

Source: [IRS](#)

### ● **UBIT Planning Gains Urgency as Nonprofits Diversify Revenue**

Unrelated Business Taxable Income (UBIT) compliance is gaining urgency as nonprofits increasingly pursue non-charitable revenue streams to offset funding volatility. The three-prong test—trade or business regularly carried on that's not substantially related to exempt purposes—determines taxability. Organizations must file Form 990-T when gross unrelated business income exceeds \$1,000 and pay quarterly estimated taxes if liability exceeds \$500. The separate trade or business "siloing" rules prevent offsetting profits and losses across different unrelated activities. Nonprofits should review revenue-generating activities annually, maintain separate accounting for unrelated business income, and engage tax professionals to navigate the complex UBIT regulations before activities generate unexpected tax liabilities.

Source: [SVA](#)

### ● **IRS Announces 2026 Standard Mileage Rates with Continued Charitable Rate Freeze**

The IRS raised the business mileage rate to 72.5 cents per mile for 2026, up 2.5 cents from 2025, reflecting increased vehicle operating costs. However, the charitable mileage rate remains frozen at 14 cents per mile, creating a widening disparity. This freeze stems from statutory limitations—Congress sets the charitable rate, while the IRS calculates the business rate based on actual costs. Nonprofits should budget for higher transportation costs as the gap between actual expenses and the charitable deduction

rate continues to grow, potentially affecting both volunteer reimbursement policies and donor deduction planning.

Source: : <https://www.irs.gov/newsroom/irs-sets-2026-business-standard-mileage-rate-at-725-cents-per-mile-up-25-cents>

### ● **Rev. Proc. 2025-5 Updates Determination Letter Procedures**

The IRS updated procedures for tax-exempt status determination letters, modernizing submission methods and clarifying timeframes. Organizations can now submit applications electronically via Document Upload Tool or fax rather than mail. The guidance clarifies that declaratory judgment deadlines start when the IRS issues adverse determinations, not preliminary denial letters. Form 8940 is now required for private foundation terminations seeking advance rulings. These procedural updates aim to streamline the determination letter process and reduce processing delays for exempt organizations.

Source: [IRS](#)

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## Nonprofit State News

- **Executive Summary:** State-level nonprofit regulation and funding policy are becoming more operationally significant as legislatures respond to fraud findings, budget pressure, and federal funding uncertainty. Recent actions include new advance payment requirements for nonprofit contracts, expanded donor privacy protections, AI transparency and data disclosure mandates, and tighter state grant oversight standards. Funding availability, reimbursement timing, and compliance duties are increasingly state-specific rather than uniform. Nonprofits operating across jurisdictions should assume that contract terms, reporting rules, and privacy obligations will continue to diverge. Active state policy monitoring and timely contract and governance updates are now essential management practices.

- **Key Actions for This Section:**

- Track new state grant and contract advance payment rules affecting nonprofit cash flow
- Update donor and member privacy policies where new state privacy laws apply
- Assess AI transparency and data disclosure duties tied to state law
- Confirm compliance with revised state grant oversight and reporting standards
- Monitor state budget conditions that may affect nonprofit funding and reimbursement rates

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### Connecticut Audit Reveals Massive Fraud at Hartford Nonprofit

A forensic audit released January 21, 2026, found that Blue Hills Civic Association mismanaged over fifteen million dollars in state grants, with at least two hundred eight thousand dollars in unsupported payments suggesting potential fraud. The Hartford nonprofit, which received eleven million dollars in legislative grants for fiscal years 2024 and 2025, ceased operations in March 2025 after state officials halted funding following a three hundred thousand dollar wire transfer fraud. The audit identified pervasive governance failures and systemic internal control weaknesses, prompting Connecticut officials to expand oversight requirements for nonprofit grant recipients and implement stricter compliance monitoring for organizations receiving legislatively-directed state funds.

Source: [WFSB](#)

### State Governors Address Nonprofit Service Funding in January Speeches

Several governors highlighted nonprofit sector concerns in their January 2026 State of the State addresses amid federal funding uncertainty. Kentucky Governor Beshear proposed fifty million dollars to support food banks responding to federal cuts, while also calling for investments in rural hospitals and workforce development. Vermont Governor Scott pointed to economic challenges from decreased federal funds and prioritized education reform. West Virginia Governor Morrisey proposed personal income tax decreases and tax credit expansions. California faces potential budget strain from federal funding freezes affecting programs managed by the Department of Health and Human Services, raising concerns for nonprofits dependent on these revenue streams.

Source: [National Council of Nonprofits](#)

### **Delaware Nonprofits Navigate Federal and State Funding Instability**

Delaware nonprofit leaders report heightened uncertainty as the 2026 legislative session begins, facing both federal funding cuts and state budget constraints. The Delaware Alliance for Nonprofit Advancement warns that unpredictable federal funding pauses are disrupting services to communities, while state lawmakers confront revenue forecast reductions that limit additional support. Governor Matt Meyer's fiscal year 2026 budget proposes eighty-two point eight million dollars in grants-in-aid to nonprofits, representing a four point six million dollar increase, yet economic uncertainty looms with potential budget reserve depletion by fiscal year 2028. Nonprofits relying heavily on Medicaid reimbursements face particular challenges from proposed federal cuts and outdated state rate structures.

Source: [Delaware Public Media](#)

### **WisconsinEye Shutdown Leaves State Without Legislative Coverage**

WisconsinEye, Wisconsin's nonprofit legislative broadcast network, shut down operations December 15, 2025, after failing to raise its eight hundred eighty-seven thousand dollar operating budget for 2026. The organization, which provided free coverage of state government proceedings since 2007, took offline its archive of over thirty thousand hours of footage. The shutdown occurred despite state lawmakers allocating ten million dollars in matching funds that required WisconsinEye to raise equal amounts by June 2026. The closure leaves Wisconsin as potentially the only state without routine audio or video broadcasts of legislative sessions, raising transparency concerns as lawmakers enforce rules prohibiting public livestreaming of proceedings.

Source: [Wisconsin Public Radio](#)

## ● California AI Transparency Law Requires Training Data Disclosure

California's AB 2013, effective January 1, 2026, mandates developers of generative AI systems to publicly disclose detailed information about training datasets used since 2022. The law applies broadly to any organization that substantially modifies AI systems, potentially including nonprofits using customized AI tools. California nonprofits developing or significantly adapting AI systems face challenges balancing transparency requirements with protecting proprietary methods, requiring careful documentation of data sources, licensing status, and synthetic data usage while navigating potential trade secret implications.

Source: [Crowell & Moring](#)

## ● North Carolina Prohibits Government Collection of Nonprofit Donor Information

North Carolina's Personal Privacy Protection Act, effective December 1, 2025, bars state and local agencies from requiring or disclosing personal information about nonprofit donors, members, and volunteers. The law imposes civil penalties up to \$7,500 per violation and criminal sanctions for intentional breaches. North Carolina nonprofits gain significant protection for supporter privacy but must update policies to ensure proper consent for any public recognition, as the law limits disclosure without board approval while preserving narrow exceptions for court orders and required campaign finance reporting.

Source: [Envisage Law](#)

## ● Pennsylvania Opens Eighty-Two Million Dollar Grant Round for Nonprofits

Pennsylvania's Department of Conservation and Natural Resources announced eighty-two million dollars in Community Conservation Partnerships Program grants for recreation and conservation projects, with applications accepted through April 30, 2026. The deadline was extended one month in response to community feedback to give nonprofit organizations and municipalities more time to develop competitive proposals. Eligible nonprofits can apply for funding supporting park rehabilitation, trail development, open space conservation, and heritage area programs through the state's online grants portal. The program combines multiple state and federal funding sources including the Keystone Recreation Park and Conservation Fund and Environmental Stewardship Fund, with priority given to projects serving underserved communities.

Source: [Pennsylvania DCNR](#)

## ● California Mandates Advance Payments for Nonprofit State Contracts

California AB 1039 requires state agencies to provide advance payments for all grants and contracts advertised after January 1, 2026, addressing cash flow challenges that previously prevented many nonprofits from accepting state funding. The legislation transforms advance payments from optional to mandatory, requiring agencies to clearly state advance payment percentages in solicitations. This reform significantly reduces financial barriers for California nonprofits with limited reserves, enabling organizations to deliver services without bearing upfront costs that could strain operations or require costly bridge financing.

Source: [CalNonprofits](#)

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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.

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