

## Abstract

Nonprofit organizations are entering April 2026 facing one of the most complex and rapidly shifting operating environments in decades. Federal policy changes—particularly around DEI restrictions, grant compliance, fraud enforcement, workforce regulation, and Johnson Amendment compliance—are creating immediate legal, financial, and operational risks. At the same time, funding disruptions, Medicaid cuts, and heightened oversight are placing pressure on service delivery capacity nationwide. This edition of the *Navigator News Update* provides nonprofit leaders with a structured, actionable analysis of the most critical developments across federal policy, human resources, IRS and financial compliance, and state-level regulatory trends—alongside a focused examination of workforce dynamics shaping long-term organizational resilience.

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## **April 6, 2026 Navigator News Update: Including Federal Anti-DEI Contractor Mandates, “Illegal DEI” Comment Period Ends, Johnson Amendment Ruling, and More!**

**From Nonprofit Management Navigator**

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

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## Introduction

Nonprofits are operating in an environment where policy shifts are no longer gradual—they are immediate, overlapping, and often retroactive. Over the past several weeks, federal actions affecting DEI compliance, grant certifications, fraud enforcement, workforce regulation, and the resolution of uncertainties relating to Johnson Amendment compliance have converged to create real-time decision pressure for nonprofit executives and boards.

At the same time, funding uncertainty—from Medicaid reductions to frozen federal grants—is beginning to translate into operational disruption at the community level. The implications are not theoretical; they are already affecting staffing, program delivery, and financial stability.




This week’s Navigator is designed to help you prioritize what matters most right now. It highlights the developments that require immediate board-level awareness, identifies where compliance risks are accelerating, and outlines practical actions you should be considering to protect your organization’s mission and long-term resilience.

# Table of Contents

1. Introduction
  2. Nonprofit News and Federal Regulatory Developments
  3. Human Resources Developments
  4. IRS, Accounting, and Finance Developments
  5. State Nonprofit News
  6. **Weekly Theme Section: 2026 and Beyond Nonprofit Workforce and Human Resources Directions**
  7. Summary
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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 policy developments are accelerating across multiple fronts, creating immediate compliance, funding, and operational risks for nonprofit organizations. New executive orders targeting DEI practices, expanded False Claims Act enforcement, evolving grant certification requirements, ongoing federal funding disruptions, clarification of Johnson Amendment restrictions on religious nonprofits, etc. are reshaping the environment in which nonprofits operate. At the same time, regulatory changes in healthcare, procurement, and data standards introduce longer-term compliance obligations. Nonprofit leaders must act quickly to assess exposure, strengthen internal controls, and prepare for continued legal and funding volatility.

### Key Actions for This Section

Organizations should take immediate steps to protect compliance, funding, and operational continuity:

- Conduct immediate legal review of DEI-related programs tied to federal funding

- Pause and evaluate all pending federal grant certifications before execution
  - Audit internal controls and documentation in anticipation of FCA enforcement
  - Document all impacts of federal funding delays for future reimbursement
  - Review grant agreements for termination-for-convenience clauses
  - Engage board-level oversight on emerging political and compliance risks
  - Begin compliance planning for new HIPAA and procurement rule changes
  - Brief staff and Board on the Johnson Amendment ruling
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### ● **Texas Judge Dismisses Johnson Amendment Challenge — Ruling Preserves Political Prohibition, But Fifth Circuit Appeal Now Filed**

On March 31, 2026, Texas District Judge J. Campbell Barker dismissed *National Religious Broadcasters v. Bessent* without prejudice, ruling he lacked jurisdiction under the Anti-Injunction Act to approve the Trump IRS's consent decree limiting Johnson Amendment enforcement against churches. The Johnson Amendment remains fully in effect for all 501(c)(3)s. NRB has announced a Fifth Circuit appeal. The IRS non-enforcement posture toward in-worship speech is unchanged; only one church has lost exemption for a Johnson Amendment violation in 70 years.

**Sources:** [NRB Press Release — Appeal to Fifth Circuit Announced](#) | [Reuters/U.S. News — Judge Rejects IRS Pact](#) | [National Council of Nonprofits — Protecting the Johnson Amendment](#)

### ● **DHS Shutdown — Now Week Eight — Over \$3 Billion in FEMA Grants Remain Frozen, But Legislative Resolution Is Now Imminent**

Now the longest partial shutdown in U.S. history, the DHS impasse has frozen FEMA's grants management system since February 14, leaving over \$3 billion in preparedness funding — including UASI, Nonprofit Security Grants, and anti-trafficking reimbursements — inaccessible. FEMA's Disaster Relief Fund is now "dangerously low." Resolution is imminent: on April 2, the Senate re-passed a bipartisan DHS funding bill; the House is expected to pass it, potentially ending the shutdown this week. Nonprofits must document all delay impacts in writing now.

**Sources:** [Federal News Network — Republican Leaders Announce Plan to End DHS Shutdown \(April 1\)](#) | [Washington Times — End of Shutdown in Sight \(April 2\)](#) | [Granted AI — FEMA Grants Frozen](#)

## ● **New Executive Order Extends Anti-DEI Mandate to Federal Contractors — Nonprofit Subcontractors at Risk**

President Trump signed an executive order on March 26 requiring all federal contracts, within 30 days, to include a clause prohibiting "racially discriminatory DEI activities." Nonprofit federal contractors and subcontractors must certify compliance or risk contract termination, debarment, and False Claims Act liability. Broadly defined prohibitions extend to recruiting, training programs, and vendor agreements. Compliance obligations flow down to subcontractors, creating significant legal and operational risk for nonprofits that rely on federal contracts to deliver services.

Source: Jackson Lewis, March 28, 2026 <https://www.jacksonlewis.com/insights/new-eo-targets-federal-contractor-dei-practices-signals-increased-enforcement-activity>

## ● **FEMA Reopens \$1 Billion BRIC Disaster Mitigation Program — But Strings Attached**

FEMA reopened its Building Resilient Infrastructure and Communities (BRIC) program March 25, offering \$1 billion for disaster preparedness projects following a court order after the program's unlawful cancellation last April. The application window runs through July 23. However, new rules eliminate funding for hazard mitigation planning and direct technical assistance, shifting greater responsibility to states. These changes may disadvantage smaller nonprofits and communities with limited in-house expertise in accessing or benefiting from this program.

Source: CBS News, March 25, 2026 <https://www.cbsnews.com/news/fema-resumes-bric-mitigation-program-judge-order-lawsuit/>

## ● **SAM.gov Comment Period Closed — The Question Is Now Whether You Can Sign**

The March 30 deadline has passed. As of April 4, GSA has not yet finalized the SAM.gov certifications covering "illegal DEI," immigration, and anti-terrorism, though finalization is expected soon. When finalized, certifications apply at next renewal — not immediately. The Fourth Circuit vacated the injunction against the executive order in February, strengthening its footing. False certifications expose organizations to False Claims Act liability and signatories to criminal risk. Board review and counsel are required before renewing or accepting new awards.

Sources: [Akin Gump](#) | [Feldesman](#) | [Inside Government Contracts](#) | [Ropes & Gray](#) | [Thompson Coburn](#)

## ● **USDA Lawsuit Reveals Exactly What Grant Recipients Are Being Asked to Certify**

The 20-state lawsuit against USDA exposes the specific language nonprofits must now sign: certifying they will not direct funds toward programs that "allow illegal aliens to obtain taxpayer-funded benefits" — without defining either term — under False Claims Act liability. SNAP, WIC, TEFAP, and school lunch recipients are directly affected. A federal court in Massachusetts is weighing an injunction. If denied, every USDA grantee must decide whether to sign certifications of undefined scope.

Sources: [Capital Press](#) | [Ogletree Deakins](#)

### ● **DOJ Record FCA Recoveries Signal Heightened Scrutiny of Nonprofit Grant Recipients in 2026**

DOJ's False Claims Act enforcement reached a record \$6.8 billion in FY2025 settlements and judgments. The agency's ongoing Civil Rights Fraud Initiative continues targeting federal fund recipients whose DEI programs allegedly violate civil rights laws. Nonprofits face expanded FCA exposure through grant certifications, civil fraud investigations, and whistleblower filings — which also hit a record 1,297 in FY2025. Organizations should promptly review compliance documentation, grant certifications, and internal controls for potential vulnerabilities.

Source: [Foley & Lardner LLP — False Claims Act Enforcement in 2026](#)

### ● **Trump Establishes Anti-Fraud Task Force to Tighten Federal Benefit Program Eligibility Verification**

On March 16, 2026, President Trump signed an executive order establishing a new interagency Task Force to Eliminate Fraud across federally funded benefit programs. The order directs agencies to strengthen beneficiary eligibility verification, adopt prepayment integrity controls, and expand data-sharing across federal, state, and local levels. Nonprofits serving as pass-through entities or administering government-funded benefit programs face heightened scrutiny and potential funding pauses as agencies implement required fraud-prevention controls within 30–90-day deadlines.

Source: [Morgan Lewis — White House's Interagency Task Force to Ramp Up Anti-Fraud Enforcement Across Federal Benefit Programs](#)

### ● **DOJ Launches National Fraud Enforcement Division, Maintaining Pressure on Pandemic-Era Grant Recipients**

The Trump administration unveiled a new National Fraud Enforcement Division at DOJ on January 8, 2026, centralizing civil and criminal fraud enforcement across federal spending

programs. The division coordinates across DHS, HHS, SBA, and HUD, with an initial focus on pandemic relief fraud — including PPP, EIDL, and Provider Relief Fund misuse. Nonprofits that received pandemic-era grants should preserve complete records, as extended statutes of limitations keep prior-year awards subject to continued whistleblower and agency investigation.

Source: [Goodwin Procter LLP — Trump Administration Unveils New National Fraud Enforcement Division of DOJ](#)

### **● Grant Termination-for-Convenience Clauses: Full Compliance No Longer Protects Your Award**

An August 2025 executive order requires all federal agencies to embed termination-for-convenience clauses in discretionary grants — retroactively. A fully compliant grantee can now lose an award the moment it no longer aligns with administration policy priorities. Only well-documented costs are recoverable upon termination. Immediate actions: review all awards for this language; document expenditures in real time; establish protocols for halting non-cancelable obligations upon notice; build 90-day operating reserves independent of federal disbursements.

Source: [Greenberg Traurig — Termination-for-Convenience Executive Order](#)

### **● HHS Finalizes HIPAA Standard for Electronic Health Care Claims Attachments**

HHS published a landmark final rule on March 24, 2026, establishing the first HIPAA-compliant national standard for electronic health care claims attachments, replacing fax and paper submissions. The rule is projected to save the health care industry \$781 million annually. Effective May 26, 2026, compliance is required by May 26, 2028. Nonprofit health care providers must audit current claims workflows and engage EHR vendors and revenue cycle partners promptly to meet the two-year compliance deadline.

Source: [American Hospital Association — HHS Finalizes HIPAA Transaction Standard for Health Care Attachments](#)

### **● AbilityOne Commission Updates Federal Procurement List, Reshaping Contracting for Disability-Serving Nonprofits**

The U.S. AbilityOne Commission published a March 26 Federal Register notice adding facility maintenance services at National Park Service sites to the mandatory federal procurement list while deleting certain VA janitorial services, effective April 25, 2026. These changes affect nonprofits employing individuals with disabilities who participate in the AbilityOne Program. Participating organizations should review existing contracts and monitor future Commission

actions, which can reshape revenue streams and employment opportunities with minimal advance notice.

Source: [Federal Register — Procurement List; Additions and Deletions \(March 26, 2026\)](#)

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## Human Resources Developments

### Executive Summary

Nonprofit employers are facing a far more volatile federal HR environment in 2026. New risks are emerging simultaneously across PSLF eligibility, immigration enforcement, contractor classification, labor relations, wage-and-hour enforcement, and disability accommodation. In several areas, the legal landscape is shifting faster than organizations can comfortably adapt, increasing the chance of compliance mistakes, employee confusion, and operational disruption. Nonprofit leaders should move now to review workforce policies, verify documentation, communicate clearly with affected staff, and strengthen HR oversight in areas most exposed to regulatory change.

### Key Actions for This Section

Organizations should take immediate steps to reduce HR compliance and workforce disruption risks:

- Notify potentially affected employees about pending PSLF eligibility risks
  - Audit I-9 records, reverification practices, and ICE response protocols
  - Review contractor classifications in advance of the April 28 comment deadline
  - Reassess harassment, accommodation, and leave policies for legal sufficiency
  - Review staffing-agency and partner relationships under current joint-employer rules
  - Conduct proactive wage-and-hour audits, especially for overtime exposure
  - Monitor union-organizing strategy and labor counsel guidance by jurisdiction
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## ● PSLF Disqualification Rule Takes Effect July 1 — Two Lawsuits Have Not Stopped the Clock

Eighty-seven days remain before the Department of Education may begin disqualifying nonprofit employers from PSLF eligibility for "substantial illegal purpose." Two legal challenges — including one by over a dozen state attorneys general — are pending but have not produced an injunction. Employees relying on PSLF must be notified now. Boards of organizations in immigration services, advocacy, or gender-affirming care should assess exposure with legal counsel immediately.

Sources: [Independent Sector](#) | [U.S. Department of Education](#) | [American Bar Association](#)

## ● ICE's New Data Access Requests Mean Audits Can Now Begin Without Setting Foot on Your Property

ICE's April 2025 IRS data-sharing agreement already flags 1.28 million employers for potential violations. In March 2026, DHS requested access to an HHS database containing employment records on virtually every U.S. worker. I-9 discrepancies can now trigger investigations through data matching alone — before any agent contacts you. Upon receiving a Notice of Inspection, organizations have three business days to produce all records. The August 2023 Form I-9 version expires July 31, 2026.

Sources: [HR Daily Advisor](#) | [I-9 Intelligence Tracker](#) | [I-9 Intelligence Penalties](#)

## ● DHS Worksite Enforcement and I-9 Compliance Volatility Creates Major HR Risks for Nonprofits

The DHS/ICE enforcement environment has grown significantly more complex, with visible worksite inspections returning, the termination of humanitarian parole programs affecting work authorization for thousands, and Temporary Protected Status designations for countries including Haiti, Burma, and Somalia in flux. Nonprofits with immigrant-heavy workforces must now manage real-time reverification obligations, shifting EAD validity, and expanding state E-Verify mandates — all with insufficient regulatory stability to plan ahead.

Source: [HR Daily Advisor — The New Reality of Worksite Enforcement: Navigating I-9 and E-Verify Shifts in 2026](#)

## ● EEOC Rescinds 2024 Workplace Harassment Guidance, Creating Compliance Uncertainty for Nonprofit Employers

On January 22, 2026, the EEOC voted 2-1 to rescind its comprehensive 2024 Enforcement Guidance on Harassment in the Workplace, eliminating detailed interpretive examples that had addressed LGBTQ+ and other protected-class harassment scenarios. While federal anti-harassment laws remain fully in effect, nonprofits that relied on the guidance to develop policies, conduct training, and guide workplace investigations now face significant uncertainty. Organizations should review their harassment policies and monitor applicable state laws, which often provide broader worker protections.

Source: [Jackson Lewis P.C. — EEOC Rescinds Enforcement Guidance on Harassment in the Workplace](#)

### ● **DOL Independent Contractor Rule — Three Weeks to Comment, One Week to Audit**

The comment deadline is **April 28**. The proposed rule replaces the six-factor Biden-era test with a two-factor framework emphasizing control and profit opportunity — and for the first time extends classification analysis to the FMLA. Nonprofits using consultants or gig workers should audit contractor arrangements now against the new framework and consider submitting comments at [regulations.gov](https://www.regulations.gov) (Docket No. WHD-2026-0001).

Sources: [Jackson Lewis](#) | [Federal Register](#) | [SBA Office of Advocacy](#)

### ● **Sixth Circuit Strikes Down NLRB's Cemex Bargaining-Order Framework as Improper Rulemaking**

On March 6, 2026, the Sixth Circuit became the first federal appeals court to invalidate the NLRB's Cemex standard, which had made bargaining orders the default remedy following any employer unfair labor practice during union organizing. The court found the NLRB improperly created a broad new rule through adjudication rather than notice-and-comment rulemaking. Nonprofits facing union organizing activity now have stronger grounds to challenge bargaining orders in Sixth Circuit states, though Cemex remains operative elsewhere.

Source: [Labor Relations Update — On the Rocks: Sixth Circuit Rejects Cemex NLRB Representation Framework at Distillery](#)

### ● **NLRB Formally Reinstates Narrower 2020 Joint Employer Standard, Reducing Nonprofit Liability Risk**

Effective February 27, 2026, the NLRB formally withdrew the Biden-era 2023 joint employer rule and reinstated the 2020 standard requiring employers to demonstrate "substantial direct and immediate control" over essential employment terms before joint employer status applies. For

nonprofits using staffing agencies, contracted service providers, or shared-service arrangements, this narrower standard substantially reduces the risk of being held jointly liable for labor law violations by partner organizations.

Source: [Holland & Knight — NLRB Withdraws 2023 Joint Employer Rule, Reinstates 2020 Standard](#)

## ● DOL Wage and Hour Division Signals Dual-Track Enforcement Strategy for 2026

The Department of Labor's Wage and Hour Division outlined its 2026 enforcement priorities, emphasizing increased scrutiny of overtime violations — which account for nearly 80% of all FLSA back-wage findings — alongside joint employment risks, child labor, and H-1B compliance. In FY2025, WHD recovered nearly \$260 million in back wages. Nonprofits with complex workforce structures, grant-funded programs, or multiple program sites should conduct proactive internal audits, as the WHD is also expanding its opinion letter and self-audit programs.

Source: [Construction Owners Association of America — DOL 2026 Wage & Hour Priorities: Overtime, Contractor Rules & Payroll Risks](#)

## ● EEOC Disability Enforcement Trends Highlight Risks for Nonprofit Healthcare and Service Providers

Recent EEOC settlements — including a \$450,000 consent decree against a Pennsylvania health system and a \$160,000 settlement against a staffing firm for denying mental health-related leave — demonstrate sustained ADA enforcement pressure. Policies that impose rigid return-to-work timelines, require "full duty" releases, or fail to engage in an individualized accommodation analysis remain top enforcement targets. Nonprofit human services, healthcare, and staffing organizations should review leave and accommodation policies to prevent ADA exposure.

Source: [EEOC — Geisinger Health Entities to Pay \\$450,000 in EEOC Disability and Retaliation Lawsuit](#)

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# IRS, Accounting and Finance Developments

## 📄 Executive Summary

Nonprofits are entering a more demanding tax and financial compliance period just as IRS resources are tightening and federal financial scrutiny is expanding. Filing deadlines are

approaching quickly, anti-money laundering oversight is intensifying, and several pending guidance items could carry significant implications for exempt status, DEI-related programming, and unrelated business income. At the same time, pandemic-era ERC issues remain unresolved and foreign-account reporting obligations are imminent. Nonprofit leaders should move quickly to confirm filing readiness, review financial controls, and identify any tax or reporting exposures that could create preventable compliance or reputational risk.

### Key Actions for This Section

Organizations should take immediate steps to reduce tax, filing, and financial compliance exposure:

- Confirm readiness for Form 990 and Form 990-T filing or extension deadlines
- Determine immediately whether FBAR filing obligations were triggered in 2025
- Review any unrelated business income streams for 2026 UBIT exposure
- Assess whether past ERC claims present unresolved audit or repayment risk
- Strengthen AML-related financial controls and monitoring procedures
- Monitor pending Treasury-IRS guidance affecting exempt status and DEI programs
- Retrieve any remaining legacy Form 8976 records before system access closes

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### IRS FY2026 Budget Set at \$11.2 Billion — A 9% Cut Poised to Slow Nonprofit Filings and Correspondence

The FY2026 spending agreement allocates \$11.2 billion to the IRS — roughly 9% below the agency's FY2025 budget of \$12.3 billion — while also rescinding \$11.7 billion in remaining Inflation Reduction Act modernization funds. The IRS has signaled that customer service staffing reductions will follow, with projected phone-level service dropping significantly. Nonprofits should anticipate extended delays in determination letters, audit responses, and return processing throughout 2026.

Source: [BDO — Legislative Roundup: Final Spending Bills Cut IRS Funding and Omit Tax Priorities](#)

### IRS Priority Guidance Plan Through June 2026 Includes Pending Guidance That Could Jeopardize 501(c)(3) Status for DEI Programs

The joint Treasury-IRS 2025–2026 Priority Guidance Plan, active through June 30, 2026, includes guidance on applying the Bob Jones "fundamental public policy" doctrine to private schools — potentially extending it to any 501(c)(3) organization with race-conscious programs. The plan also includes guidance on the Johnson Amendment's application to churches. Both items carry sector-wide implications well beyond education. Nonprofits should closely monitor IRS guidance developments and consult tax counsel.

Source: [Harmon Curran — Treasury and IRS Announce Significant Upcoming Guidance for 501\(c\)\(3\) Organizations](#)

### ● Treasury and FinCEN Expand Anti-Money Laundering Oversight Targeting Nonprofits and Government Benefit Fraud

On January 9, 2026, Treasury Secretary Bessent announced sweeping FinCEN enforcement actions targeting government benefits fraud, specifically flagging nonprofit and tax-exempt organizations as an area of heightened scrutiny. FinCEN has issued investigative demands and AML red-flag alerts aimed at rapid international fund movements involving nonprofits receiving or distributing government-related funds. Organizations should review internal financial controls and ensure Bank Secrecy Act compliance is current.

Source: [Money Laundering Watch — Treasury Targets Fraud: Heightened Bank Compliance Risks](#)

### ● IRS Sharpens UBIT Compliance Focus as Nonprofits Diversify Revenue Streams in 2026

As nonprofits increasingly pursue alternative revenue — space rentals, online advertising, branded merchandise, and partnership income — IRS scrutiny of unrelated business income tax compliance is intensifying. Income is taxable when it stems from a regularly conducted trade or business not substantially related to the organization's exempt purpose. The UBIT rate is a flat 21% on net income. Misclassification risk compounds over multiple years and can ultimately threaten tax-exempt status if unrelated activities become dominant.

Source: [Charitable Allies — UBIT for Nonprofits: A Guide to Staying Compliant in 2026](#)

### ● FBAR Due April 15 — Nine Days Away — Signature Authority Triggers Filing, Not Just Ownership

Any nonprofit with foreign financial accounts exceeding \$10,000 in aggregate at any point during 2025 must file FinCEN Form 114 by **April 15**. Filing is also required for signature

authority — meaning a finance officer with wire authority over a foreign partner's account may trigger your organization's obligation independently. Penalties reach \$165,353 or 50% of the account balance for willful violations. An automatic extension to October 15 requires no paperwork. File at [bsaefiling.fincen.treas.gov](https://bsaefiling.fincen.treas.gov).

Sources: [IRS — FBAR Overview](#) | [FinCEN](#) | [SDO CPA — 2026 Filing Guide](#)

### ● **URGENT: Window to Retrieve 501(c)(4) Filing Records From Retired System Closes April 9**

On March 9, the IRS retired its legacy Form 8976 filing system. Organizations had exactly 30 days — through approximately **April 9** — to retrieve historical records. After that date, copies must be requested directly from the IRS, causing significant delays. Any 501(c)(4) organization that previously filed Form 8976 should log into the old system and download complete records immediately. All future filings must be submitted through Pay.gov with the required \$50 user fee.

Source: [KPMG — IRS Revises Form 8976 Submission Process](#)

### ● **Form 990 Due May 15 — Three Missed Filings Trigger Automatic Revocation with No IRS Discretion**

Calendar-year nonprofits have 39 days to file or extend. Three consecutive missed filings trigger automatic revocation of tax-exempt status under IRC §6033(j) — the IRS has no discretion, and the revocation is published publicly, visible to donors and funders. Over 760,000 organizations were revoked for filing failures between 2011 and 2017. The free six-month extension (Form 8868) must be filed by May 15. Confirm now that your preparer has current financial information in hand.

Sources: [Wiss — 2026 Deadlines](#) | [IRS — Automatic Revocation](#) | [National Council of Nonprofits](#)

### ● **Form 990-T Due May 15, 2026 — Calendar-Year Nonprofits With \$1,000+ in Gross Unrelated Income Must File Separately**

The Form 990-T unrelated business income tax return is due May 15, 2026 for calendar-year nonprofits, filed separately from Form 990. Any organization with \$1,000 or more in gross unrelated income — from advertising, debt-financed rentals, corporate sponsorships, or partnership interests — must file. Organizations expecting \$500 or more in tax liability must also

pay quarterly estimated taxes. A six-month automatic extension is available but does not extend payment deadlines.

Source: [Wiss CPAs — Nonprofit Tax Filing Requirements and Deadlines for 2026](#)

### **IRS ERC Voluntary Disclosure Program Permanently Closed — No Remaining Self-Correction Option for Nonprofits with Erroneous Pandemic-Era Claims**

The IRS ERC Voluntary Disclosure Program closed permanently on November 22, 2024, and Form 15434 is now obsolete. Nonprofits that claimed potentially erroneous Employee Retention Credits have no remaining discounted repayment option and now face only the standard audit process — with a six-year statute of limitations under the OBBBA and a new 20% erroneous refund penalty. Organizations with questionable claims should consult tax counsel immediately to assess audit exposure and documentation gaps.

Source: [IRS.gov — About Form 15434, Application for Employee Retention Credit \(ERC\) Voluntary Disclosure Program](#)

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## State Nonprofit Developments

### **Executive Summary**

State-level nonprofit risks are expanding quickly as legislatures, attorneys general, courts, and budget officials respond to federal funding disruptions, Medicaid pressures, DEI conflicts, and growing fiscal stress. For many nonprofits, the most immediate threats now come not just from Washington but from state policy changes that can affect fundraising, tax exemptions, governance disclosures, Medicaid reimbursements, and online giving infrastructure. Leaders should monitor their own states closely while also watching national patterns, because today's state-level experiments may soon become tomorrow's broader operating standards

### **Key Actions for This Section**

Organizations should take immediate steps to track and respond to fast-moving state-level risks:

- Begin state-specific scenario planning for Medicaid, tax, and fundraising disruptions
- Review charitable registration, annual reporting, and renewal deadlines by state
- Monitor state legislation affecting board disclosures, and donor restrictions

- Assess property tax exemption exposure, especially for hospitals, universities, and housing nonprofits
  - Audit online fundraising visibility for unauthorized charity pages or platform fee issues
  - Review governance and charter language if operating in states pursuing aggressive nonprofit enforcement
  - Watch how federal funding reductions are translating into state service disruptions and budget pressure
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### ● **National Council of Nonprofits Documents Cascading State-Level Service Disruptions — Growing Wait Lists, Layoffs, and Program Cuts Reported Across All Regions**

At a March 2026 press conference, National Council of Nonprofits CEO Diane Yentel and state nonprofit network leaders documented a sector under severe strain. Leaders reported growing wait lists for housing and behavioral health services, layoffs and program reductions in communities nationwide, payment delays disrupting nonprofit operations, and escalating administrative burdens. The Kentucky Nonprofit Network's CEO described immediate service disruptions from even small funding pauses — with costs simply shifting to emergency rooms and law enforcement when nonprofit programs shut down.

Source: [National Council of Nonprofits — Nonprofit Leaders: Federal Funding Cuts Are Driving Service Disruptions and Harming Communities Across the Country](#)

### ● **Silicon Valley Nonprofit Pulse Report: 63% Report Direct ICE Enforcement Impact; 79% Affected by Federal DEI Funding Restrictions**

A March 2026 Nonprofit Pulse Report — surveying 164 nonprofits across San Mateo and Santa Clara counties — found that 63% reported significant direct impacts from ICE enforcement, with some clients declining services out of immigration fears. Federal DEI restrictions affected 79% of organizations through funding cuts. Demand for food assistance has surged while revenue has weakened, and some nonprofits face closure. Organizations serving immigrants and minority communities face disproportionate strain under current federal policy conditions.

Source: [Mountain View Voice — Local Nonprofits Strained by Funding Cuts and Shifts in Federal Policy, March 24, 2026](#)

### ● **Medicaid Cuts Are No Longer a Future Risk — They Are This Year's Operating Budget Problem**

The OBBBA's \$911 billion in Medicaid reductions are now in motion. KFF projects 5.6 million patients in expansion states could lose coverage, generating up to \$32 billion in revenue losses for community health centers over five years. Work requirements begin late 2026; states must redetermine eligibility every six months. Boards of health and human service organizations must begin financial scenario modeling now — waiting for state budget decisions to finalize is waiting too long.

Sources: [KFF — Medicaid: What to Watch in 2026](#) | [Tax Policy Center — FY 2027 State Budget Battles](#)

### ● North Carolina Medicaid Funding Crisis Reaches Critical Stage — Governor Proposes \$1.4 Billion Emergency Budget as Legislature Returns April 21

Governor Josh Stein's proposed \$1.4 billion "critical needs budget," announced March 9, includes \$319 million to prevent Medicaid from running dry — coverage relied upon by more than 3 million North Carolinians. NC remains the only state that finished 2025 without a new budget. Nonprofits providing health, behavioral health, and social services face an acute funding cliff. Legislative inaction risks provider rate cuts and service disruptions statewide before the June 30 fiscal year end.

Source: [Governor NC.gov — Governor Stein Proposes \\$1.4 Billion Critical Needs Budget, March 9, 2026](#)

Sources: [NY Senate — S8475](#) | [Washington Stand — Johnson Amendment Case](#) | [National Law Review](#)

### ● Illinois Federal Court Case on Nonprofit Board DEI Disclosure Continues — DOJ Intervention Signals National Implications for State Diversity Reporting Laws

A federal court case challenging Illinois' first-in-the-nation law requiring qualifying nonprofits to publicly disclose board demographics — including race, ethnicity, gender, and sexual orientation — is ongoing. The DOJ intervened in March 2025, arguing the law violates the Equal Protection Clause, calling it an "early step toward eradicating illegal race and sex preferences." Illinois nonprofits distributing \$1 million or more in grants must monitor the litigation closely; a ruling against the law could reshape DEI disclosure requirements nationwide.

Source: [National Law Review — DOJ Moves to Challenge Illinois Nonprofit Board Disclosure Law](#)

## ● **California Charity Renewal — April 30 Deadline — A Lapse Blocks Online Donations Within Five Days**

California nonprofits must renew with the Attorney General's Registry of Charities by **April 30** — no special request needed. Under AB 488, a lapse in good standing can result in organizations being blocked from receiving donations through major online fundraising platforms within five business days of the status lapse. Delinquent organizations must file all outstanding years before good standing is restored. Detailed requirements and fee schedules are available at the California DOJ Charities Registry.

Source: [California DOJ — Charities Registry](#)

## ● **Texas Quo Warranto: A Federal Court Pushed Back — But the Legal Architecture Remains Intact**

On January 30, a federal judge found AG Paxton acted in "bad faith" and blocked his quo warranto case against Jolt Initiative. However, the 15th Court of Appeals separately ruled dissolution cases may proceed on the AG's allegations alone — without upfront evidence. The bar to launch charter revocation remains extremely low. Some nonprofits are restructuring under out-of-state fiscal sponsors to exit Texas jurisdiction. Legal review of charter language is essential for any Texas nonprofit in advocacy or immigration services.

Sources: [Texas Signal](#) | [U.S. News — Paxton Ruling](#) | [Texas Immigration Law Council](#)

## ● **Florida HB 905 Advancing in 2026 Legislature — Would Expand "Honest Services Registry" Foreign Donor Ban to Include Foreign Terrorist Organizations**

Florida's HB 905 would require charities listed on the state's Honest Services Registry to attest that they neither solicit nor accept funding, support, or services from federally designated foreign terrorist organizations — and that their messaging is not influenced by such entities. Effective July 1, 2026 if enacted, nonprofits failing to comply face administrative penalties and registry removal, reducing donor trust and potentially limiting access to state-related fundraising opportunities.

Source: [Florida Senate — HB 905 Bill Analysis, February 2026](#)

## ● **New Jersey Senate Bill S3881 — Introduced March 12, 2026 — Would Require Collection of Board and Management Demographic Data**

New Jersey Senate Bill S3881, introduced March 12 and referred to the Senate Commerce Committee, would require the State Treasurer to collect and study demographic information on corporate boards and senior management. Though not yet enacted, it mirrors controversial disclosure requirements in other states now facing federal legal challenges. New Jersey nonprofits should monitor its progress — similar legislation in Illinois has attracted DOJ intervention, and this bill could subject NJ nonprofits to analogous legal and compliance risks.

Source: [LegiScan — New Jersey S3881, 2026–2027 Regular Session](#)

### ● **PILOT-Style Property Tax Proposals Expanding Nationally — South Carolina, New Hampshire and Other States Signal Growing Fiscal Pressure on Nonprofit Exemptions**

State legislatures are increasingly targeting nonprofit property tax exemptions. South Carolina H. 3355 would allow counties to impose a "community charge" — effectively a PILOT — on nonprofit hospitals and universities. New Hampshire H.B. 1293 would allow municipalities to tax charitable nonprofit real estate exceeding \$1 million in value unless a PILOT agreement is reached. These measures reflect growing fiscal pressure as states contend with their own federal funding reductions, placing property-owning nonprofits at significant new financial risk.

Source: [National Council of Nonprofits — Taxes, Fees, and PILOTs \(Payments in Lieu of Taxes\)](#)

### ● **Bipartisan Coalition of 21 State Attorneys General Presses GoFundMe Over Unauthorized Charity Pages and Hidden Platform Fees**

On March 3, 2026, a 21-state bipartisan coalition of attorneys general and charity regulators sent GoFundMe a formal demand letter, citing the platform's creation of donation pages for 1.4 million charities without their knowledge or consent — applying a default 16.5% "tip" going directly to GoFundMe. States demanded proof of page removal, full fee disclosure, and SEO reform within 14 days. Nonprofits should audit online search results for unauthorized pages and review their charitable solicitation registrations for cross-state exposure.

Source: [Crowell & Moring — Bipartisan Group of State Attorneys General and State Charity Regulators Send Letter to GoFundMe, March 2026](#)

### ● **North Carolina House Committee Advances Bill Closing Affordable Housing Property Tax Loophole That Has Cost Municipalities Tens of Millions**

The NC House Select Committee on Property Tax Reduction and Reform advanced a draft bill in March 2026 to close a "rent-a-nonprofit structure" loophole that allows for-profit apartment

owners to obtain property tax exemptions by transferring a fraction of ownership to a nonprofit. Wake County alone saw \$2.2 billion in exempt property values from 137 qualifying properties in 2025. Legitimate nonprofit affordable housing providers must demonstrate 100% nonprofit ownership and five years of operating experience under the proposed rules.

Source: [NC Newsline — NC House Committee Wants to Close Costly Tax Loophole for Affordable Housing, March 19, 2026](#)

## **● Pennsylvania Nonprofit Annual Reporting Requirements Enter Final Transition Year — Administrative Dissolution Risk Begins 2027 for Organizations Not in Compliance**

Pennsylvania's annual report requirement — which replaced the old decennial filing system starting January 1, 2025 — enters its final grace period in 2026. Nonprofit corporations must file by June 30, 2026 at no cost; however, enforcement begins with 2027 filings. Organizations failing to file by their 2027 deadline face administrative dissolution six months later, loss of name protection, and the possibility that another entity could claim their name. Nonprofits must establish compliance routines immediately or risk losing their legal standing.

Source: [Pennsylvania Department of State — Annual Reports](#)

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## **Weekly Theme Section: 2026 and Beyond Nonprofit Workforce and Human Resources Directions**

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*The following is a new Navigator News Update feature. Each week, this section focuses on a single issue of immediacy and importance to nonprofit senior leaders and their boards. This week we focus on the nonprofit workforce and human resources related trends and developments that will directly affect nonprofit operating resilience and mission success in 2026 and potentially far into the future.*

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### **Executive Summary**

The nonprofit workforce is becoming one of the sector's most decisive long-term operating challenges. Hiring pressure is rising even as turnover, burnout, succession gaps, immigration enforcement, wage mandates, and compensation constraints are making retention and workforce planning harder. At the same time, hybrid work, AI adoption, volunteer redesign, and changing labor rules are reshaping how nonprofits build and sustain capacity. Leaders can no longer treat HR as a support function alone. Workforce strategy is now central to mission delivery, financial resilience, risk management, and organizational continuity.

## Key Actions for This Section

Organizations should take immediate steps to strengthen workforce resilience and long-term talent capacity:

- Treat workforce planning as a core strategic priority tied directly to mission delivery
  - Review retention, compensation, and workload strategies before turnover accelerates further
  - Formalize succession planning for executive and senior leadership roles
  - Strengthen manager training to identify burnout, mental health strain, and workplace risk
  - Reassess hybrid and remote work policies as a competitive recruiting and retention tool
  - Establish AI use policies and human review standards for HR and operational workflows
  - Audit immigration, wage-and-hour, and pay-transparency compliance across jurisdictions
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## Nonprofit Employment Outlook for 2026: Growth Under Pressure

The nonprofit sector employs nearly 12.8 million people—close to one in every ten private-sector jobs—and continues to grow to meet rising demand for services even as funding conditions tighten. The sector’s 2026 employment trajectory is shaped by two competing forces: expanding community need that is driving new hiring, and federal funding disruptions. The overall outlook remains one of net employment growth, but highly uneven across subsectors. Healthcare, human services, and food security organizations face the most acute hiring pressure. Leaders must treat workforce investment—competitive pay, succession planning, and retention infrastructure—not as overhead but as the core operational capacity required to deliver on mission in a volatile funding environment.

**Source:** [BPM: 2026 Nonprofit Sector Outlook \(January 2026\)](#)

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## Talent Retention Crisis Deepens as Nonprofit Turnover Hits 19%

Retaining skilled staff remains nonprofits’ most pressing operational challenge in 2026. Nearly seven in ten nonprofit employees in 2025 surveys reported plans to seek new employment, and sector turnover has reached approximately 19%, nearly double the 12% rate in other industries. Chronic understaffing accelerates the problem: departures shift workloads onto remaining staff, fueling further burnout in a damaging cycle. Replacing one

employee can cost between 33% and 200% of that person’s annual salary. Leaders must invest in structural retention strategies—competitive compensation, manageable workloads, and visible career pathways—or risk mission-threatening staff losses that take years to reverse.

**Source:** [Mission Edge: Talent, Burnout, and Retention — The Defining Challenge of the Nonprofit Workforce \(March 2026\)](#)

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### ● **‘Quiet Burnout’ Emerging as Hidden Workforce Threat for Nonprofits in 2026**

A new pattern of employee distress is emerging in 2026: workers who appear engaged but are privately running on empty—what workplace mental health experts are calling ‘quiet burnout.’ Unlike traditional burnout, it lacks obvious signals such as absenteeism or complaints, making it far harder for HR teams and managers to detect before it becomes a crisis. For nonprofits, where mission-driven staff routinely suppress personal strain while serving others, this dynamic poses a compounded risk. Leaders should train managers to recognize subtle early warning signs, create psychologically safe channels for staff to raise concerns, and build structured workload review processes into regular supervision rather than waiting for visible decline.

**Source:** [Spring Health: 8 Mental Health Trends for 2026 and What They Mean for Your Workplace \(January 2026\)](#)

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### ● **Remote and Hybrid Work: Now a Core Retention Strategy, Not a Perk**

Flexible work arrangements have evolved from a COVID-era accommodation into the most influential factor for job seekers in 2026. Robert Half’s Q4 2025 analysis finds that 88% of employers now provide some hybrid options, and research shows 85% of candidates rank remote flexibility ahead of salary when evaluating positions. For nonprofits already struggling to compete with private-sector compensation, maintaining rigid in-office mandates without strong operational justification carries a substantial talent cost. Leaders should formalize documented hybrid work policies, establish clear performance expectations for distributed teams, and treat flexibility as a strategic retention investment rather than an operational concession.

**Source:** [Robert Half: Remote Work Statistics and Trends for 2026 \(March 2026\)](#)

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### ● **Who Nonprofits Are Recruiting in 2026: Skills, Roles, and Priorities**

Nonprofit hiring in 2026 is being driven by three converging pressures: funding volatility, rising expectations for measurable impact, and the need for stronger internal infrastructure. The roles most in demand are fundraising and development professionals who can build multi-channel revenue strategies; program managers who can scale services under resource constraints; and data analysts who can translate outcomes into funder-ready reporting. Demand is also accelerating for digital marketing and communications staff, financial leaders with grant management expertise, and HR professionals to address retention and succession challenges. Organizations are prioritizing candidates who combine mission alignment with cross-functional technical skills—and increasingly using skills-based hiring to broaden candidate pools beyond traditional nonprofit career paths.

**Source:** [Foundation List: Most In-Demand Nonprofit, Education & Healthcare Jobs for 2026 \(February 2026\)](#)

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### **● Nonprofit Sector Faces Escalating Executive Leadership Succession Crisis**

The average age of departing nonprofit CEOs jumped to 70.3 years in mid-2025, a dramatic increase from 56.2 just one year earlier, signaling an accelerating wave of retirements. Up to 75% of nonprofit leaders plan to leave their positions within the next five to ten years, yet fewer than 30% of organizations have a written succession plan in place. Leadership transitions without deliberate planning expose nonprofits to donor uncertainty, program disruption, and loss of irreplaceable institutional knowledge. Boards and executives must treat succession planning as a standing governance responsibility—developing internal leadership pipelines and formalizing transition protocols before a departure creates a crisis.

**Source:** [Mission + Strategy: Building a Nonprofit Leadership Pipeline — A Strategic Succession Planning Framework \(February 2026\)](#)

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### **● Volunteers: A Rebounding but Transformed Workforce Complement in 2026**

Volunteer participation is recovering from its pandemic-era decline—formal volunteering reached 28.3% of the population in 2023, the fastest two-year growth since national tracking began—and the value of a single volunteer hour is now estimated at \$34.79, contributing an estimated \$167 billion annually to the U.S. economy. One-third of all nonprofit workers are volunteers, making them an essential operational complement to paid staff. But the nature of volunteering has changed. Short, episodic, and hybrid roles now dominate, as volunteers seek flexibility rather than long-term recurring commitments.

Nonprofits that redesign their volunteer programs to offer clearly defined micro-tasks, remote participation options, and skills-based assignments will be best positioned to sustain engagement—and to offset paid staff shortages without compromising service quality.

**Source:** [SignUpGenius: The State of Volunteering 2025 — Trends & What to Expect in 2026 \(December 2025\)](#)

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### ● **AI as a Digital Teammate: Supplementing Nonprofit Staff Capacity in 2026**

Artificial intelligence has moved from experimentation to daily operations across the nonprofit sector. More than 80% of nonprofits now report using AI in some form, and AI-driven automation is saving organizations an estimated 15 to 20 hours per week in administrative time. Common applications include grant writing assistance, donor segmentation, meeting summaries, financial reporting, and real-time program outcome dashboards that replace static backward-looking reports. However, adoption has far outpaced governance. Only 10 to 24% of nonprofits have formal AI policies in place, and more than 90% of nonprofit professionals report feeling unprepared to fully leverage the tools they are already using. Boards must now treat AI governance as a leadership responsibility alongside cybersecurity and financial oversight—establishing usage policies, ensuring human review of AI-generated outputs, and guarding against bias in service delivery

**Source:** [Cerini & Associates: AI Trends for Nonprofits in 2026 \(February 2026\)](#)

### ● **AI Reshaping Nonprofit Hiring — Efficiency Gains Meet New Risks**

AI adoption across HR and recruiting tasks climbed to 43% of organizations in 2025, up sharply from 26% in 2024. Nonprofit search firms report record application volumes driven in part by candidates using AI to generate cover letters and optimize résumés, but identify the right hire has become harder, not easier. Nonprofits that embrace AI recruiting tools can reduce time-to-hire and administrative burden, but must invest in human oversight to guard against bias, ensure mission alignment, and remain compliant with emerging AI disclosure laws in jurisdictions such as New York City. The risk of over-automating high-judgment decisions is real and growing.

**Source:** [DSG Global: 2025 in Review — Key Nonprofit Hiring Trends and a Look Ahead to 2026 \(December 2025\)](#)

### ● **ICE Workplace Enforcement Surges — Nonprofits Must Act Now**

ICE more than doubled its workforce in 2025, growing from roughly 10,000 to over 22,000 officers, and workplace enforcement operations are intensifying into 2026. Nonprofits in healthcare, childcare, and social services—which rely heavily on immigrant workers—face escalating risk from unannounced facility visits, I-9 audits, and worksite raids. Leaders must urgently audit I-9 records, train front-line staff on legally sound protocols for ICE encounters and retain immigration counsel before an incident occurs. Failure to prepare exposes organizations to operational disruption, civil fines, and serious reputational harm.

**Source:** [Ballard Spahr LLP: ICE in the Workplace — 2026 Update \(February 2026\)](#)

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### ● **EEOC Intensifies DEI Scrutiny — Nonprofits Face Compliance Crossroads**

One year into the Trump administration’s executive orders dismantling federal DEI programs, the Equal Employment Opportunity Commission is escalating enforcement of programs it characterizes as ‘illegal DEI.’ Nonprofits with federal funding or contracts face heightened exposure, as the Attorney General was directed to identify private-sector organizations with programs deemed discriminatory. HR experts advise nonprofits to document the legitimate business justifications for any inclusion initiatives, audit hiring and promotion practices, and carefully review training programs. Organizations that take no action risk costly investigations, potential funding claw backs, and lasting reputational consequences.

**Source:** [HR Dive: 2026’s DEI Priority — Making Talent Programs Scrutiny-Proof \(January 2026\)](#)

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### ● **NLRB Overhaul Drops Union Election Activity 30% — But Uncertainty Remains**

The Trump administration’s dismissal of National Labor Relations Board leadership and rescission of more than 30 pro-worker directives significantly altered the federal labor environment in 2025. NLRB-overseen union elections dropped 30%, with 59,000 fewer workers participating than in 2024, as the Board lacked its operating quorum for 345 days. However, legal challenges to these leadership changes are actively contested in the courts, and prior precedents could be reinstated. Nonprofit employers must not assume a stable landscape. Proactive audits of employee handbook policies, workplace communication practices, and labor relations strategies are essential to prepare for continued volatility.

**Source:** [Center for American Progress: NLRB-Overseen Union Elections Fell in 2025 Amid Trump Administration Attacks \(February 2026\)](#)

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### ● **State Minimum Wage Increases Straining Nonprofit Budgets**

Nonprofit budgets face mounting payroll pressure in 2026 as 88 jurisdictions—including 22 states—have raised their minimum wages, according to the National Employment Law Project. For the first time, more American workers live in states with a wage floor of at least \$15 per hour. Nonprofits operating in high-wage states such as Washington (\$17.13/hr) and New York City (\$17.00/hr) must recalibrate staffing models and pursue flexible funding to absorb escalating labor costs without reducing services or positions.

**Source:** [NELP: Raises from Coast to Coast in 2026 \(Dec. 2025\)](#)

**Source:** [Stateline: Dozens of Cities and States Hiking Minimum Wages in 2026 \(Dec. 2025\)](#)

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### ● **Federal Overtime Rule Vacated — Compliance Complexity Persists for Nonprofits**

A November 2024 federal court ruling struck down the Biden-era overtime rule that would have raised the FLSA salary exemption threshold to \$58,656 annually, reverting the federal standard to \$35,568. While this momentarily reduced financial pressure on nonprofit budgets, compliance complexity remains significant. State thresholds in New York (\$64,350) and Washington State (\$69,305) now substantially exceed the vacated federal standard, and the Trump administration’s appeals are still pending. Nonprofits operating across multiple states must actively monitor the evolving legal landscape and align compensation decisions with applicable state and federal requirements to avoid wage-and-hour violations.

**Source:** [Homebase: Federal Overtime Salary Threshold — 2026 Rules Explained \(February 2026\)](#)

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### ● **Pay Transparency Laws Multiply — Nonprofits Face a Patchwork of Compliance Requirements**

A growing wave of state salary disclosure mandates is fundamentally reshaping how nonprofits recruit and compensate staff. Massachusetts, Minnesota, and Vermont enacted pay transparency laws that took full effect in 2024–2025, joining New York City, Colorado, and more than 20 other jurisdictions requiring salary ranges in all job postings. Nonprofits face heightened public expectations to lead on pay equity, and research links salary disclosure to reduced gender wage gaps and stronger recruitment outcomes.

Organizations operating in multiple states must map current posting practices against

each jurisdiction's specific requirements and conduct internal equity reviews to identify and address compensation disparities before they generate legal exposure.

**Source:** [The Nonprofit Alliance: Salary Transparency Resources](#)

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### **Nonprofit Compensation Planning in a Moderating Salary Market**

After years of elevated post-pandemic wage competition, nonprofit salary growth is moderating in 2026. CBIZ recommends base salary increase planning assumptions of 3.5%–4.0%, while organizations shift from broad cost-of-living adjustments to targeted, merit-driven increases that address market gaps and retention risk. Healthcare and social services nonprofits face the highest labor pressure, with BLS data showing 4.5% sector wage growth. Board scrutiny of executive compensation is also intensifying, with greater demands for IRS benchmarking and Form 990 transparency.

**Source:** [CBIZ: 2026 Compensation Outlook for Not-for-Profit Organizations \(Jan. 2026\)](#)

**Source:** [Grant Thornton: Compensation Planning for 2026](#)

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### **Federal Workforce Reductions and Their Ripple Effect on Nonprofits**

More than 352,000 federal employees exited government service in 2025 due to DOGE-driven reductions, creating a complex workforce dynamic for nonprofits. While some organizations have an opportunity to recruit mission-aligned former federal employees with specialized expertise, the same funding eliminations that drove the layoffs have strained nonprofit budgets and operations. Leaders must strategically assess whether the available talent pool can offset workforce shortfalls stemming from grant and contract eliminations.

**Source:** [CNBC: After DOGE Cuts, Former Federal Workers Find New Roles \(Feb. 2026\)](#)

**Source:** [Challenger, Gray & Christmas: Federal Cuts Dominate March 2025 Layoffs](#)

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## **Summary**

Nonprofit organizations are navigating an environment defined by simultaneous federal, state, legal, and workforce disruptions that are converging in real time. Federal actions—particularly those related to DEI compliance, grant certifications, False Claims Act enforcement, and funding interruptions—are creating immediate legal and operational exposure. At the same time, IRS resource constraints, expanding financial oversight, and approaching filing deadlines are increasing the risk of compliance failures if not actively managed.

State-level developments are compounding these pressures, with Medicaid reductions, charitable registration requirements, tax policy changes, and enforcement actions directly affecting service delivery, fundraising, and organizational stability. In parallel, workforce challenges—including rising turnover, burnout, immigration enforcement, wage pressures, and leadership succession gaps—are emerging as one of the most significant long-term threats to mission execution.

Across all sections, a consistent message is clear: passive monitoring is no longer sufficient. Nonprofit leaders and boards must take proactive, structured action—reviewing compliance frameworks, strengthening internal controls, investing in workforce stability, and engaging in scenario planning. Organizations that act early and decisively will be best positioned to maintain operational continuity, protect funding, and sustain mission impact in an increasingly uncertain and rapidly evolving environment.

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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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