

Abstract

The June 29, 2026 Navigator News Update arrives at a critical inflection point for nonprofit leaders. This week's edition covers the OMB's sweeping proposed overhaul of federal grants management—the most significant since 2013—which introduces political appointee pre-approval of grants, expanded mid-course termination authority, and embedded DEI prohibitions with a July 13 comment deadline. Simultaneously, EEOC's new National Enforcement Plan targets DEI programs, and the PSLF employer disqualification rule takes effect July 1. State developments include Florida's nonprofit corporation law rewrite, Maryland's raised audit thresholds, Tennessee's RIFT Act, and New York City's reversal on delayed nonprofit payments. IRS Notice 2026-36 expands excise tax exposure to all employees over \$1 million. This edition equips nonprofit leaders with actionable intelligence on compliance deadlines, regulatory risks, and emerging opportunities.

June 29, 2026 Navigator News Update: Including OMB's Historic Federal Grants Overhaul, EEOC's Sweeping DEI Enforcement Plan, and More!

From Nonprofit Management Navigator, a DBA of PMG46, LLC

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

[Read more articles](#)

Introduction


Nonprofit leaders face an operating environment of unprecedented regulatory volatility as the second half of 2026 approaches. This week's Navigator arrives with an unusually high density of developments requiring immediate attention—several with deadlines in the next two weeks. The OMB's proposed Uniform Grants Regulation, which would be the most consequential overhaul of federal grants management since 2013, carries a July 13 comment deadline and an October 1 proposed effective date. The PSLF employer disqualification rule and Florida's comprehensive nonprofit corporation law rewrite both take effect July 1. The EEOC has finalized a National Enforcement Plan that targets nonprofit DEI, mentorship, and recruitment programs. Parallel state-level activity—from Tennessee's anti-terrorism licensing law to Minnesota's new Inspector General—continues to reshape the compliance landscape. This edition is organized to help leaders triage and act: the most time-sensitive items are prioritized within each section, and Key Actions distill the most important steps your organization should take this week.

Priority Legend

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

● Immediate Action ● Requires Organizational Response ● Monitor and Prepare

Nonprofit News and Federal Regulatory Developments

 **Executive Summary:** The federal regulatory landscape is undergoing a seismic shift. OMB's proposed Uniform Grants Regulation would give political appointees pre-approval authority over every discretionary federal grant, embed anti-DEI requirements, and create sweeping mid-course termination power with no administrative appeal—a direct response to courts blocking prior mass terminations. Simultaneously, a targeted OMB memorandum has placed 49 nonprofits under funding review, and the DOJ prosecution of the Southern Poverty Law Center has escalated with a superseding indictment and pending sanctions motion.

Key Actions for This Section:

- File comments on OMB's proposed Uniform Grants Regulation at [regulations.gov](https://www.regulations.gov) (Docket OMB-2026-0034) before July 13, 2026
- Conduct an immediate cross-functional review of all federal grant award terms and program activities for DEI-related prohibitions and anti-DEI compliance exposure
- Review all federal contracts for required bilateral modifications to include anti-DEI clauses—deadline July 24, 2026
- Assess whether your organization's mission or programs overlap with any of the 49 OMB-targeted nonprofits and consult legal counsel about award vulnerability
- Update multi-year grant risk assessment to account for the proposed discretionary termination authority and 90-day suspension provision
- Monitor the SPLC prosecution for precedents that could affect enforcement risk for advocacy-oriented nonprofits

● **OMB Proposes Sweeping Uniform Grants Regulation Overhaul — Comment Deadline July 13**

On May 29, 2026, OMB published a proposed rule that would be the most significant overhaul of federal grants management since 2013. Renamed the Uniform Grants Regulation (UGR), it would give the framework the binding force of federal regulation, embed DEI prohibitions and political appointee pre-approval of awards, and allow agencies to terminate grants when they no longer align with "national interest." The 45-day comment window closes July 13, 2026, with a proposed October 1 effective date. Nonprofits should analyze the 400+-page rule, assess operational impact, and consider filing comments at [regulations.gov](https://www.regulations.gov) (Docket OMB-2026-0034).

Source: [National Law Review: Federal Grants Overhauled — What OMB's Sweeping Proposed Rule Means for Your Organization](#)

● **Federal Contractors and Grant Recipients Face Expanding Anti-DEI Compliance Obligations**

Between EO 14398 (signed March 26, 2026) and the proposed OMB Uniform Grants Regulation, nonprofits holding federal contracts or grants are navigating an unprecedented dual compliance challenge. By July 24, 2026, contracting officers must bilaterally modify existing contracts to include anti-DEI clauses; refusal to sign could result in termination for convenience. Organizations must simultaneously assess grant award terms for DEI-related prohibitions under the proposed UGR. The combined exposure includes False Claims Act liability, contract termination, suspension, and debarment — requiring immediate cross-functional review of programs, practices, and vendor agreements.

Source: [Littler: Implementation of Trump's March 26 Executive Order on DEI Set to Begin April 24 \(April 2026\)](#)

● **Expanded Federal Authority to Cancel Grants Mid-Course Embedded in Proposed OMB Rule**

The most operationally dangerous provision of OMB's proposed Uniform Grants Regulation is a sweeping new "discretionary termination" authority. Agencies could end any grant mid-performance if it no longer advances "agency priorities or the national interest" — with no minimum notice required and no right of administrative appeal. Only judicial review would remain. The rule also adds a new 90-day temporary suspension authority. Coming in direct response to 2025-2026 court rulings blocking mass terminations, this provision would significantly shift the risk calculus for any nonprofit dependent on multi-year federal awards.

Source: [Wiley Law: OMB Calls for More Agency Discretion To Terminate Awards \(June 2026\)](#)

● **OMB Proposes Political Appointee Pre-Approval Required for Every Discretionary Grant Award**

One of the most structurally significant provisions in OMB's proposed UGR is a requirement that every discretionary federal grant undergo review and pre-approval by senior political appointees before issuance. This would effectively insert White House-aligned political screening into what was previously a merit-based, peer-review-driven process. Organizations whose missions touch DEI, climate, immigration, or LGBTQ+ issues face the highest risk of being screened out regardless of programmatic merit. Nixon Peabody and Ropes & Gray both flag this as a fundamental departure from established grantmaking practice likely to face legal challenge.

Source: [Nixon Peabody: Proposed OMB Uniform Grants Regulation — Federal Funding Changes \(June 2026\)](#)

● **Federal Agencies Shift to Government-Wide Grants Management — Compliance Impacts Ahead**

The proposed OMB Uniform Grants Regulation would convert OMB's current guidance framework into a binding government-wide regulation, meaning any future OMB amendments would automatically apply to all federal grantmaking agencies without the need for separate agency rulemaking. This structural shift — from guidance to regulation — centralizes compliance authority and creates a single, unified (and more readily enforceable) federal grants framework. For nonprofits, it means fewer agency-specific flexibilities, tighter consistency of requirements, and less ability to seek carve-outs through individual program offices. Compliance infrastructure must be updated before October 1, 2026.

Source: [BDO: OMB Proposes Significant Revisions to Uniform Guidance \(June 2026\)](#)

● **OMB Memorandum Directs Agencies to Review Funding to 49 Targeted Nonprofits**

On May 13, 2026, OMB issued a memorandum directing all federal agencies to identify and report grants, contracts, and cooperative agreements awarded to 49 specific nonprofits in FY2024, FY2025, and FY2026. The targeted organizations advance missions related to DEI, LGBTQ+ communities, immigrants and refugees, civil rights, environmental advocacy, and international aid. While the memorandum did not itself terminate funding, sector observers view it as a prelude to additional enforcement actions. Any nonprofit with ideological overlap with those 49 organizations should consult counsel and review federal award terms for vulnerability.

Source: [Morgan Lewis Government Contractor Guidebook: GovCon Update — OMB Directs Agencies to Report Funding to Certain Nonprofits \(June 2026\)](#)


● **Southern Poverty Law Center Prosecution Escalates: Superseding Indictment, Sanctions Motion, Arraignment Reset to July 7**

On April 21, 2026, the DOJ indicted the SPLC on fraud and money laundering charges. On May 26, SPLC filed a motion to dismiss alleging vindictive prosecution. On June 2, DOJ filed a superseding indictment — adding no new charges but attempting to correct a legal defect identified in the original. SPLC then asked the court to consider sanctioning prosecutors for distributing an unsigned draft to media before it was docketed. The arraignment is now set for July 7; briefing on the motion to dismiss remains ongoing.

Sources:

- [PBS NewsHour / Associated Press: SPLC Seeks Dismissal of 'Vindictive' Justice Department Indictment \(May 26, 2026\)](#)
- [CBS News: Justice Dept. Obtains Superseding Indictment Against SPLC \(June 3, 2026\)](#)
- [CBS News: SPLC Asks Judge to Weigh Sanctions Against DOJ \(June 4, 2026\)](#)
- [CourtListener Docket: United States v. Southern Poverty Law Center, Inc., 2:26-cr-00139](#)

Nonprofit Human Resources Developments

 **Executive Summary:** The nonprofit HR environment faces simultaneous pressures on multiple fronts. The PSLF employer disqualification rule takes effect July 1 with no court injunction in place, requiring immediate staff certification action. ICE has reclassified common I-9 errors as substantive violations with no cure period, creating massive penalty exposure for organizations with documentation gaps. The EEOC's new National Enforcement Plan codifies aggressive DEI enforcement for FY2025–2029, targeting mentorship programs, diverse slates, and workforce demographic initiatives. Joint employer standards remain in flux across both NLRA and FLSA frameworks.

 **Key Actions for This Section:**

- File PSLF certification forms immediately for all qualifying employees to lock in credit for prior qualifying months before July 1 rule takes effect
- Conduct an immediate internal I-9 audit to identify and correct documentation gaps—penalties now range from \$288 to \$2,861 per deficient form with no cure period
- Retrain HR staff on revised I-9 completion standards reflecting ICE's reclassification of common errors
- Audit all identity-based mentorship programs, diverse slate requirements, and leadership pipelines under attorney-client privilege for EEOC exposure
- Review and document religious accommodation interactive processes to meet the heightened Groff v. DeJoy standard
- Assess nonprofit exposure under both NLRB's 2020 joint employer standard and DOL's proposed FLSA/FMLA/MSPA test for staffing agency and subcontractor relationships
- Continue collecting employee demographic data despite EEOC's proposal to rescind EEO-1 requirements—state obligations and Title VII recordkeeping remain in effect

 **PSLF Employer Disqualification Rule Takes Effect July 1 — Last-Minute Court Battle Underway (Updated June 26, 2026)**

The Department of Education's rule allowing disqualification of nonprofit employers with a "substantial illegal purpose" from PSLF takes effect July 1, 2026. No court has blocked it. In a significant late development, the Department moved to add a mandatory perjury attestation to PSLF certification forms. On June 22, plaintiff states filed a notice urging the court to rule on pending summary judgment motions before July 1. Nonprofits should file PSLF certification forms immediately to lock in credit for prior qualifying months.

Sources:

- [Independent Sector: What the New Final Rule on Public Service Loan Forgiveness Means for Nonprofits](#)
- [The College Investor: Education Dept. Adds Perjury Attestation to PSLF Forms as States Sue to Stop Rule \(June 23, 2026\)](#)

● ICE Reclassifies Common Form I-9 Errors as Substantive Violations — Cure Period Eliminated

On March 16, 2026, ICE updated its Form I-9 Inspection Fact Sheet, reclassifying more than ten previously correctable errors — including missing employee birth dates, omitted hire dates, and incomplete document information in Section 2 — as substantive violations subject to immediate civil penalties of \$288 to \$2,861 per form. The long-standing 10-day cure period no longer applies to these errors. ICE issued no Federal Register notice or public comment opportunity. Nonprofits should conduct immediate internal I-9 audits and retrain HR staff, as an employer with 200 deficient forms could face penalties exceeding \$572,000.

Source: [Kutak Rock: ICE Reclassifies Common Form I-9 Errors as Substantive Violations \(May 2026\)](#)

● EEOC Intensifies Scrutiny of Employer DEI Programs — Voluntary Affirmative Action Safe Harbors at Risk

The EEOC's June 4, 2026 National Enforcement Plan specifically identifies corporate and university DEI programs — including race- or sex-based quotas, diverse slate requirements, diversity statements, and compensation tied to demographic goals — as explicit enforcement targets. Under prior administrations, voluntary affirmative action plans designed in good faith held some protection; the NEP signals the agency will now challenge these as intentional discrimination. Nonprofit employers with mentorship programs, targeted recruitment, or identity-based leadership pipelines should conduct an audit of those programs under attorney-client privilege to identify practices that could draw an EEOC charge.

Source: [DCI Consulting Blog: EEOC Revises National Enforcement Plan \(June 2026\)](#)

● EEOC Expands Religious Accommodation and National Origin Discrimination Enforcement Under New Plan

The EEOC's June 4, 2026 National Enforcement Plan designates expanded religious accommodation obligations following *Groff v. DeJoy* and protection of American workers from "anti-American" national origin discrimination as Chair priorities. Nonprofits that sponsor guest worker visas or prefer PERM applicants face potential national origin discrimination exposure. All nonprofits must ensure religious accommodation interactive processes are well-documented and consistently applied under the heightened *Groff* standard. The NEP also flags gender-identity workplace issues and single-sex spaces as litigation priorities, complicating HR policy decisions.

Source: [Cooley: EEOC Issues New National Enforcement Plan \(June 2026\)](#)

● EEOC Pursues Subpoena Enforcement in DEI Investigations — Warning for Nonprofit HR Programs

Continuing through mid-2026, the EEOC has been actively using commissioner-initiated charges — a rarely used enforcement tool — and enforcing investigative subpoenas against employers as part of its DEI-focused investigations, seeking workforce demographic data and details on mentoring and leadership programs. The EEOC's new National Enforcement Plan, signed June 4, 2026, codifies this posture agency-wide for

FY2025–2029. Nonprofit employers with identity-based professional development programs or workforce data programs could face broad document demands and personnel interviews as part of EEOC enforcement actions, requiring proactive legal preparation.

Source: [Freshfields: From Guidance to Mandate — The EEOC's DEI Enforcement Framework Has Arrived \(June 2026\)](#)

● EEOC Moves to Eliminate Annual EEO-1 Workforce Demographic Reporting — Process Underway

On May 14, 2026, the EEOC submitted a proposal to the White House Office of Information and Regulatory Affairs to rescind the EEO-1 and related EEO-2 through EEO-5 reporting requirements, which have required private employers with 100 or more employees to annually report workforce data by race, ethnicity, sex, and job category since 1966. The proposal has not been finalized; OIRA has up to 90 days to review, after which a Federal Register comment period follows. Employers must continue preparing 2025 filing data and should not discontinue demographic data collection, as Title VII recordkeeping obligations and several state reporting laws remain in effect.

Source: [Seyfarth Shaw: EEOC Proposes Rescission of Annual Reporting Requirement \(May 2026\)](#)


● Joint Employer Standards in Flux — DOL Comment Period Has Closed; Final Rule Pending

Effective February 27, 2026, the NLRB reinstated the 2020 joint employer standard under the NLRA, requiring actual, direct, and substantial control before joint employer status attaches. The DOL separately proposed a unified four-factor joint employer test under the FLSA, FMLA, and MSPA. The 60-day public comment period on that proposed rule closed June 22, 2026. The DOL will now review submissions before deciding whether to issue a final rule. The two standards remain distinct; nonprofits using staffing agencies or subcontractors must evaluate compliance under both.

Sources:

- [Kaufman Dolowich: DOL Proposes Nationwide Joint-Employer Rule Following NLRB's Reinstatement of 2020 Standard \(April 2026\)](#)
- [U.S. Department of Labor: Notice of Proposed Rulemaking — Joint Employer Status Under the FLSA, FMLA, and MSPA \(April 22, 2026\)](#)

IRS, Finance & Operations Developments

 **Executive Summary:** The IRS and Treasury are expanding scrutiny of nonprofit financial operations on multiple fronts. IRS Notice 2026-36 extends the 21% excise tax on executive compensation beyond the top five to any employee over \$1 million, with a comment deadline of August 4. A first-of-its-kind whistleblower alert targeting federal fund misuse at nonprofits creates new enforcement and reputational risk. The planned Form 990 overhaul will require deeper disclosure of government grants and fiscal

sponsorship. Boards must also treat cybersecurity as a core fiduciary duty, and mission creep driven by funding pressures requires strategic discipline.

⚡ **Key Actions for This Section:**

- Audit all employee compensation structures above \$1 million for exposure under the expanded IRC Section 4960 excise tax — file comments by August 4, 2026
- Strengthen grant controls, audit trails, and internal documentation to reduce whistleblower risk and prepare for IRS enforcement scrutiny
- Begin reviewing governance policies and grant documentation in anticipation of Form 990 overhaul requiring greater disclosure of federal funding and fiscal sponsorship
- Ensure the board has adopted a formal cybersecurity oversight framework, including incident response plan review and cyber insurance assessment
- Conduct a board-level strategic review to distinguish adaptive program growth from mission creep—particularly for any program added primarily because funding was available
- Assess organizational resilience against the bifurcated 2026 landscape: diversified organizations can build stability while single-revenue organizations face consolidation risk

● **IRS Notice 2026-36: Excise Tax on Nonprofit Executive Compensation Expanded to All Employees Over \$1 Million — Comment Deadline August 4, 2026**

On June 5, 2026, the IRS released Notice 2026-36, announcing intent to issue proposed regulations under IRC Section 4960 following the One Big Beautiful Bill Act's expansion of the 21% excise tax on exempt organization executive compensation. The tax, previously limited to the five highest-paid employees, now potentially applies to any employee earning over \$1 million for tax years beginning after December 31, 2025.

The Notice provides critical interim relief, preserving existing limited-hours and nonexempt-funds exceptions that protect volunteers and shared-service employees from inadvertent taxation. Nonprofits—especially universities, hospitals, and large charities—must audit their employee compensation structures now. Comments are due August 4, 2026.

Source: [IRS.gov – Treasury and IRS Announce Intent to Issue Proposed Regulations, Notice 2026-36 \(June 5, 2026\)](https://www.irs.gov/irb/2026-06/irb26-0601.html)

● **New IRS Whistleblower Alert Targets Federal Fund Misuse at Nonprofits**

On April 17, 2026, the IRS introduced a first-of-its-kind Whistleblower Alert spotlighting potential misuse, diversion, or fraudulent handling of federal funds by tax-exempt organizations. The alert specifically flags false grant applications, self-dealing, insider payments, falsified reporting to federal agencies, and misclassification of activities to retain exempt status.

The IRS Whistleblower Program can pay informants up to 30% of proceeds collected. For nonprofits, this signals a significantly more enforcement-oriented environment—even technically compliant organizations with weak internal

documentation face reputational and legal risk. Strengthening grant controls and audit trails is now a governance priority.

Source: [IRS.gov – Whistleblower Alerts \(April 17, 2026\)](#)

● **IRS Launches Form 990 Overhaul to Boost Nonprofit Transparency**

On April 23, 2026, the U.S. Treasury announced the most significant revision to Form 990 in nearly two decades. The planned changes target 501(c)(3) organizations and will require deeper disclosure of government grants, government contracts, and fiscal sponsorship arrangements—areas where fund-flow visibility has historically been limited.

Proposed regulations and a public comment period are expected later in 2026 before any requirements are finalized. Nonprofits that receive federal funding or operate as fiscal sponsors should begin reviewing governance policies and grant documentation now to prepare for the coming heightened scrutiny.

Source: [U.S. Department of the Treasury, Press Release \(April 23, 2026\)](#)

● **Cybersecurity: Nonprofit Boards Cannot Afford to Look Away**

Cyberattacks against nonprofits have escalated sharply — the sector is now the second most targeted industry, per Okta's 2025 report. Yet 56% of nonprofits have no cybersecurity budget (CyberPeace Institute). In 2026, cybersecurity is a core board fiduciary duty, not an IT afterthought. Directors with no technical background must still ask the right questions, ensure incident response plans exist, and oversee cyber insurance. Boards that fail to establish oversight systems now risk personal liability under evolving Caremark fiduciary duty standards, plus reputational and operational damage that can derail mission delivery entirely.

Source: [KLR: Strengthening Nonprofit Board Cybersecurity Oversight \(Feb. 2, 2026\)](#)

● **Mission Creep: The Hidden Risk Multiplied by 2026 Funding Pressures**

As federal funding dries up and demand surges, many nonprofits are tempted to "follow the money" into programs that diverge from their core mission. Mission creep — the gradual expansion beyond founding objectives — dilutes effectiveness, erodes donor trust, and overstretches staff. The Stanford Social Innovation Review and sector experts warn that 36% of nonprofits already ended 2024 in deficit, creating dangerous incentives to chase misaligned grants. The antidote: a clear, enforced mission statement, board discipline to say no to incompatible opportunities, and regular strategic reviews that distinguish adaptive growth from dangerous drift.

Source: [Stanford Social Innovation Review: The Seduction of Nonprofit Mission Creep \(2025\)](#)


● **Nonprofit Management Under Siege: An Uphill Battle in 2026**

Nonprofits entered 2026 facing an environment characterized by "unpredictability and heightened scrutiny from policymakers," according to BDO's 2026 sector outlook. Increased political scrutiny has driven 37% of nonprofits to consolidate operations in response to federal policy changes, while 40% are pursuing operational efficiencies to manage costs. The sector faces a bifurcated landscape: larger, diversified organizations

can build resilience even amid government funding cuts, while smaller organizations dependent on a single revenue source may face restructuring, consolidation, or closure.

Source: [BDO: 2026 Nonprofit & Higher Education Industry Predictions](#)

State Nonprofit Developments

 **Executive Summary:** State-level developments this week are a mix of significant compliance deadlines, legislative victories, and new legal risks. Florida's comprehensive nonprofit corporation law rewrite takes effect July 1, as does Maryland's raised audit threshold and Tennessee's RIFT Act. New York City reversed a plan to delay \$3.5 billion in payments to contracted nonprofits. Minnesota created a new independent Inspector General with authority over state grantees, while Tennessee's new anti-terrorism licensing law creates compliance questions for community-facing organizations. Colorado's privacy law expansion adds geolocation consent requirements effective August 12.

Key Actions for This Section:

- Florida nonprofits: review bylaws, board policies, conflict-of-interest rules, and governance procedures immediately for compliance with HB 797 (effective July 1, 2026)
- Pennsylvania nonprofits: file the free annual report at file.dos.pa.gov before June 30, 2026 — full enforcement begins with 2027 filings
- Maryland nonprofits: confirm whether revised audit and review thresholds (effective July 1) affect your organization's financial reporting requirements
- Tennessee nonprofits: review the RIFT Act's impact on fund management policies, gift agreements, and stewardship procedures (effective July 1)
- Tennessee nonprofits: assess all program partnerships, international relationships, and facility-use arrangements for potential exposure under SB 1956's anti-terrorism licensing provisions
- Minnesota nonprofits receiving state grants: review compliance practices in anticipation of new OIG oversight and document appeal procedures for payment withholding scenarios
- Colorado nonprofits processing geolocation data: update consent flows, privacy policies, and vendor agreements before August 12, 2026 compliance deadline
- South Carolina nonprofits: update commercial co-venturer agreements and solicitation disclosures to comply with S715 (Act No. 170)
- New York arts nonprofits: monitor arts.ny.gov for FY2027 grant application guidelines for \$161 million in available NYSCA funding
- All nonprofits: use the Center for Effective Philanthropy burnout data to support board-level investment in succession planning and executive wellness

 **Center for Effective Philanthropy "State of Nonprofits 2026" Report Documents Historic Burnout and Financial Instability**

Released May 12, 2026, the Center for Effective Philanthropy's fourth annual State of Nonprofits report—based on survey responses from 380 nonprofit leaders in CEP's nationally representative Nonprofit Voice Project panel—found CEO burnout has reached an all-time high at 46%, nearly double the 2025 rate, with the majority citing simultaneous federal funding cuts and increased community service demand.

State nonprofit associations are using the report to advocate for greater state investment. For boards and funders, the findings signal systemic leadership pipeline risk. Organizations facing executive burnout should prioritize succession planning, wellness investment, and operational reserve-building as stabilization strategies.

Source: [Center for Effective Philanthropy – State of Nonprofits 2026: What Funders Need to Know \(May 12, 2026\)](#)

● **State DEI Funding Restriction Bills Stalling Across Multiple States — Including Florida and Nebraska — Providing Interim Relief for Nonprofits**

Legislation in multiple states that would have restricted state grants and funding to nonprofits engaged in diversity, equity, and inclusion programs failed to advance as 2026 legislative sessions concluded. Florida did not pass SB 1662, which would have eliminated preferences for minority-focused events under the state's convention grant program. Nebraska's LB 1071 was amended to remove language prohibiting state-funded nonprofits from engaging in DEI practices.

These outcomes provide temporary relief for DEI-centered nonprofits dependent on state funding. Similar legislation is expected to return in future sessions. Nonprofits should document the community impact of mission-aligned programs and engage state legislators proactively to build understanding and support.

Source: [National Council of Nonprofits – Nonprofit Champion. June 1, 2026](#)

● **New York City Reverses Plan to Delay July 1 Payments to Contracted Nonprofits Amid Cash Flow Crisis**

After NBC New York reported that Mayor Mamdani's administration was considering delaying roughly \$3.5 billion in required advance payments owed to hundreds of human services nonprofits on July 1, the city reversed course on June 16, 2026, announcing all payments would be made on time. The decision came after swift pushback from nonprofits and City Council leaders.

A 2025 law requires the city to advance 50% of annual contract value to social service nonprofits at the start of each fiscal year—twice the prior requirement. The episode exposed the fragility of nonprofit cash flow under NYC's contracting system and signals continued risk as the city manages worsening fiscal constraints heading into FY2027.

Source: [NBC New York – Mamdani Administration Scraps Plan to Delay Billions to Nonprofits \(June 16, 2026\)](#)

● **Florida HB 797: Nonprofit Corporation Act Rewrite Takes Effect July 1**

Florida's most comprehensive nonprofit corporate law revision in decades takes effect July 1, 2026. HB 797 rewrites Chapter 617 of Florida Statutes to align with the American Bar Association's Model Nonprofit Corporation Act, overhauling governance standards,

member rights, officer duties, conflict-of-interest rules, derivative action procedures, and restructuring mechanisms.

All Florida nonprofits must review bylaws, board policies, and governance procedures for compliance. Organizations involved in mergers, holding charitable property, or with complex member structures face the most pressing need for legal counsel before the July 1 effective date.

Source: [Polsinelli – Florida Passes Sweeping Modernization of State Nonprofit Law, Effective July 1 \(March 11, 2026\)](#)

● **Pennsylvania Nonprofit Annual Report: June 30 Deadline — Transition Period Ends, Full Enforcement Begins in 2027**

Pennsylvania nonprofits organized as corporations faced a June 30, 2026 deadline to file their annual report with the Department of State under Act 122 of 2022, which replaced the prior decennial filing requirement. The free filing requires only basic governance information—no financial data—and must be submitted online at file.dos.pa.gov.

Although the current transition period means no dissolution penalties apply for missing 2025 or 2026 filings, full enforcement begins with 2027 reports. Nonprofits that miss their 2027 deadline face administrative dissolution within six months and risk losing their organization's name. Filing now establishes essential compliance habits.

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

● **Maryland Raises Charitable Organization Audit and Review Thresholds Effective July 1, 2026**

Governor Moore signed HB 483 (Chapter 393) on May 12, 2026, raising Maryland's charitable registration financial thresholds for the first time since 2016. The audit threshold increases from \$750,000 to \$1 million in charitable contributions; the financial review threshold rises from \$300,000 to \$500,000. No audit or review is required below \$500,000.

The change provides meaningful cost relief—full audits typically cost \$12,000–\$25,000—for small and mid-sized Maryland nonprofits operating with limited administrative capacity. The bill passed the Senate 44-0 and House 96-36. It takes effect July 1, 2026, aligning Maryland's thresholds with updated federal standards and 15 other states.

Source: [Maryland General Assembly – HB 483, Chapter 393: Business Regulation – Charitable Organizations – Audit and Review Thresholds \(enacted May 12, 2026, effective July 1, 2026\)](#)

● **Tennessee RIFT Act Takes Effect July 1, Streamlining Nonprofit Access to Donor-Designated Assets**

After months of organizing and relationship building by the Tennessee Nonprofit Network, Governor Lee signed H.B. 2112 / S.B. 2642—the RIFT Act—into law, effective July 1, 2026. The bill was the Tennessee Nonprofit Network's first piece of legislation to become law in the organization's 34-year history.

The RIFT Act streamlines nonprofit access to donor-designated assets, removing procedural barriers that previously complicated how nonprofits could access and deploy restricted funds. Tennessee nonprofits should review how the new law affects their fund management policies, gift agreements, and stewardship procedures ahead of the July 1 effective date.

Source: [National Council of Nonprofits – Nonprofit Champion, May 4, 2026](#)

● **Tennessee Enacts Anti-Terrorism Law (SB 1956) Barring State Permits and Licenses to Nonprofits Providing Material Support to Designated Terrorist Organizations**

Tennessee Governor Lee signed SB 1956 into law, prohibiting any state agency from issuing or renewing a certification, registration, license, or permit to any entity—including a nonprofit—upon proof it provides material support, resources, meeting space, or other forums to U.S. State Department-designated foreign terrorist organizations.

The law raises significant compliance questions for nonprofits engaged in community programming, international partnerships, or immigration-related work. Organizations must carefully evaluate all program partnerships and facility-use arrangements for any potential connection to designated groups, as state licensing and charitable registration could be placed at risk.

Source: [National Council of Nonprofits – Nonprofit Champion, June 1, 2026](#)

● **Minnesota Creates Statewide Office of Inspector General to Oversee Fraud, Waste, and Abuse Across Government Programs**

The Minnesota Legislature passed HF 1338/SF 856 in May 2026, establishing a new independent Office of the Inspector General (OIG) with authority to investigate fraud, waste, and abuse across all government programs—including state grants to nonprofits. The OIG operates independently of executive branch agencies, reports to the Governor, and can investigate any public or private entity receiving state dollars.

The Minnesota Council of Nonprofits supported the OIG as a systemic accountability investment. The OIG's Inspector General must be confirmed by a three-fifths Senate vote, with leadership expected by February 1, 2027. Nonprofits receiving state grants should review their compliance practices in anticipation of more structured oversight.

Source: [Minnesota Council of Nonprofits – A Session of Scrutiny: Fraud, Funding, and the Future of Nonprofit Policy in Minnesota \(June 2026\)](#)

● **Minnesota Expands State Authority to Withhold Payments to Providers, Grantees, and Vendors in Suspected Fraud Cases**

As part of Minnesota's 2026 fraud prevention legislative package, the state expanded agency authority to withhold payments from grantees and vendors under circumstances involving suspected fraud—before wrongdoing has been legally established. The Minnesota Council of Nonprofits opposed this provision, citing risks of funding suspensions before an organization has been found to have engaged in wrongdoing.

State agencies are now establishing payment withholding and appeals procedures. MCN raised particular concern about appeal processes that require challenging the very

agency that made the original withholding decision. Nonprofits receiving state grants should closely monitor implementation guidance and ensure strong internal controls are documented.

Source: [Minnesota Reformer – Minnesota Legislature Passes Office of Inspector General Bill Aimed at Preventing Fraud \(May 8, 2026\)](#)

● **South Carolina Amends Charitable Solicitation Law to Update Filing Thresholds and Donor Disclosures**

Governor McMaster signed S715 into law on May 18, 2026 (Act No. 170), amending South Carolina's Solicitation of Charitable Funds Act. Key changes raise registration exemption thresholds for smaller charities, limit filing requirements for commercial co-venturers to those raising more than \$10,000 per solicitation campaign, and require any entity soliciting on behalf of a charity to disclose the legal name and purpose of the organization at the initial point of solicitation.

South Carolina nonprofits and their fundraising partners must review compliance with the new donor disclosure mandate and assess whether revised registration thresholds affect their solicitation status. Organizations using commercial co-venturers face revised filing requirements and should update solicitation agreements accordingly.

Source: [LegiScan – South Carolina S0715, Solicitation of Charitable Funds \(Act No. 170, signed May 18, 2026\)](#)

● **Colorado Expands Privacy Act to Classify Geolocation Data as Sensitive — Opt-In Consent Required Effective August 12, 2026**

Colorado SB 25-276, signed by Governor Polis on May 23, 2025, and effective August 12, 2026, adds precise geolocation data to the Colorado Privacy Act's definition of sensitive personal data. Covered entities—including nonprofits that process data of 100,000 or more Colorado consumers annually—must obtain affirmative opt-in consent before collecting, processing, or selling precise location data from Colorado residents.

Nonprofits using mobile apps, event check-in systems, mapping tools, or delivery tracking services face a hard August 12 compliance deadline. Organizations should audit all data collection practices involving location and update consent flows, privacy policies, and vendor agreements before the effective date.

Source: [Recording Law – Colorado Privacy Act: SB 25-276 – Precise Geolocation as Sensitive Data, Effective August 12, 2026](#)

● **New York Announces \$82 Million in Capital Funding for Nonprofit Arts and Cultural Organizations**

Governor Hochul announced \$82.2 million awarded through the New York State Council on the Arts' Capital Projects Fund in early June 2026, supporting 132 projects in every region of the state. Awards include building renovations, accessibility improvements, and new spaces for creative work; 77% of grants went to organizations with budgets under \$3 million.

Separately, the Governor announced \$161 million in total NYSCA grant funding available for FY2027 for New York State artists and arts and culture organizations. For arts nonprofits navigating federal funding uncertainty, these state commitments

represent meaningful stabilizing investment. Organizations should monitor arts.ny.gov for application guidelines.

Source: [New York State Governor's Office – Governor Hochul Announces More Than \\$82 Million in Capital Funding to Non-Profit Arts and Cultural Organizations \(June 2026\)](#)

Summary

The June 29, 2026 Navigator News Update documents a regulatory environment of extraordinary complexity and urgency for nonprofit leaders. At the federal level, OMB's proposed Uniform Grants Regulation—open for comment until July 13—threatens to fundamentally restructure the relationship between nonprofits and federal funders by inserting political appointee pre-approval into grantmaking, creating sweeping mid-course termination authority, and converting guidance into binding regulation. Simultaneous anti-DEI enforcement pressures from both the EEOC's new National Enforcement Plan and EO 14398 demand immediate cross-functional compliance review. The IRS is expanding excise tax exposure to all employees over \$1 million, launching the most significant Form 990 overhaul in two decades, and introducing whistleblower programs targeting federal fund misuse at nonprofits. State-level developments add additional compliance urgency: Florida's nonprofit corporation law rewrite, the Pennsylvania annual report deadline, Tennessee's new anti-terrorism licensing law, Minnesota's Inspector General authority over state grantees, and Colorado's geolocation data consent requirement all carry near-term effective dates. Amid these pressures, record executive burnout and a bifurcated sector landscape demand that boards invest in succession planning, mission discipline, and operational resilience.

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.

[Read more articles](#)

Understanding This Information and Disclaimer

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