Abstract

This July 20, 2026 Navigator News Update delivers essential nonprofit regulatory news for nonprofit leaders navigating a demanding compliance landscape. Federal developments include OMB's sweeping proposed rewrite of 2 CFR Part 200 grant rules, a federal court ruling against EPA's environmental justice grant terminations, and continued congressional and DOJ scrutiny of nonprofit funding sources. Nonprofit human resources updates cover the EEOC's new enforcement plan, a July 24 federal contractor DEI clause deadline, and shifting I-9 requirements for Temporary Protected Status employees. IRS and finance coverage examines an expanded executive compensation excise tax and a planned Form 990 overhaul. State nonprofit news highlights Florida's domestic-terrorist designation law targeting CAIR and new employment and tax-exemption laws nationwide. Nonprofit leaders should use this update to prioritize compliance actions and protect their organizations' operations.

July 20, 2026 Navigator News Update: Including OMB's Federal Grant Rules Overhaul and The New EEOC 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 continue to navigate an unusually active regulatory and legislative environment as summer 2026 unfolds. This week's Navigator News Update tracks major federal developments, including the Office of Management and Budget's proposed overhaul of Uniform Guidance grant rules, a federal court's rejection of EPA's environmental justice grant terminations, and ongoing congressional and Department of Justice scrutiny of nonprofit organizations' funding and political activities. Charitable giving reached a record $617.2 billion in 2025, according to Giving USA, offering leaders a fresh fundraising benchmark even as growth concentrates among fewer, larger donors.

On the employment front, the EEOC rescinded its longstanding affirmative-action safe harbor and launched a new enforcement plan targeting intentional discrimination, while federal contractors face a fast-approaching deadline to adopt a new anti-DEI clause. IRS and Treasury activity signals expanding scrutiny of executive compensation and nonprofit transparency through Form 990. At the state level, Florida's new domestic-terrorist designation law targeting CAIR-Florida has triggered federal litigation with implications for advocacy organizations nationwide, while other states advanced governance reforms, tax-exemption changes, and compliance relief programs.

This update organizes these developments by priority to help leaders focus their limited time and resources where they matter most.

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:** Federal regulatory activity intensified this period, headlined by OMB's sweeping proposed rewrite of Uniform Guidance grant rules and continued congressional and DOJ scrutiny of nonprofits over funding sources and political activity. Giving USA reported record $617.2 billion in 2025 charitable giving. Courts delivered significant results: a judge found EPA's environmental justice grant terminations unlawful while two federal courts struck down new PSLF restrictions. FEMA opened a $300 million security grant program with a fast-approaching deadline.

⚡ **Key Actions for This Section:** Organizations should take the following steps in response to federal developments this period:

- Submit or monitor comments on OMB's 2 CFR Part 200 rewrite and prepare for stricter compliance ahead of the October 1 target
- Confirm state deadlines for FEMA's Nonprofit Security Grant Program before the July 24 federal cutoff
- Review governance and disclosure practices amid intensified congressional and DOJ scrutiny of advocacy organizations
- Monitor developments in the EPA environmental justice grant litigation for potential claims
- Reconfirm PSLF employer eligibility status for recruitment and retention planning

---

🔴 **OMB Proposes Sweeping Rewrite of Federal Grant Rules Under 2 CFR Part 200**

On May 29, OMB proposed the largest rewrite of 2 CFR Part 200 (Uniform Guidance) since 2013, governing every federal grant, cooperative agreement and pass-through award. Changes include political pre-issuance review, new indirect-cost preferences and elevation to binding regulation. Comments closed, July 13; associations have asked for a 45-day extension, not yet granted. A final rule is targeted for October 1. Nonprofits receiving federal funds should prepare now for stricter compliance and review requirements, regardless of the deadline's outcome.

Source: National Association of Counties, July 2026 — https://www.naco.org/news/omb-proposes-major-overhaul-federal-grant-rules

🟢 **U.S. Charitable Giving Reaches a Record $617.2 Billion**

Giving USA's 2026 report found Americans gave a record $617.2 billion to charity in 2025, up 5.7% in current dollars and 3% after inflation — the first year giving topped $600 billion. Every source rose, led by a nearly 20% jump in bequests, while individual giving grew just 1.4% after inflation, still below its 2021 peak. The report offers nonprofit leaders a critical fundraising benchmark, though growth appears increasingly driven by fewer, larger gifts rather than broad donor participation.

Source: Giving USA / Indiana University Lilly Family School of Philanthropy, June 2026 — https://philanthropy.indianapolis.iu.edu/news-events/news/_news/2026/giving-usa-report-2026.html

🟡 **Congressional Scrutiny of Politically Targeted Nonprofits Continues**

The House Judiciary Committee escalated its probe into nonprofit funding of anti-Israel activism on May 29, naming the Rockefeller Brothers Fund, Tides Network and Jewish Communal Fund and alleging possible 501(c)(3) violations. Separately, the committee threatened on June 26 to hold the Southern Poverty Law Center in contempt for missing subpoena deadlines over its funding practices. Together, the actions signal congressional oversight of politically disfavored nonprofits is intensifying, raising governance and disclosure risks for advocacy-focused organizations broadly.

Source: House Judiciary Committee — https://judiciary.house.gov/media/in-the-news/judiciary-committee-threatens-hold-splc-contempt-withholding-documents

🟡 **Federal Judge Rules EPA Illegally Terminated Environmental Justice Grant Program**

On June 11, Judge Richard Gergel ruled EPA's termination of the $2.8 billion Environmental and Climate Justice Block Grant Program 'arbitrary and capricious and unlawful,' but stopped short of ordering EPA to restart it, calling that impractical since the agency fired the staff who ran it. He also denied a request to extend the program's September 30 statutory deadline. Grantees whose awards were canceled may still pursue claims in the Court of Federal Claims, but restored funding before the deadline looks unlikely.

Source: Inside Climate News, June 12, 2026 — https://insideclimatenews.org/news/12062026/judge-rules-trump-environmental-justice-grant-cancellations-unlawful/

🟡 **DOJ Domestic-Terrorism Scrutiny of Nonprofits Continues Under NSPM-7**

Federal agencies continue implementing NSPM-7, the directive ordering the FBI, IRS and Treasury to investigate nonprofits for suspected ties to political violence, including an ongoing Justice Department probe of the Open Society Foundations that has produced no public charges after nearly a year. On May 20, Open Society responded by pledging $300 million over five years for U.S. civil-liberties and 'nonprofit sector defense' work. Advocacy and human-rights organizations should expect continued IRS and FBI attention and review compliance safeguards accordingly.

Source: Associated Press (via U.S. News & World Report), May 20, 2026 — https://www.usnews.com/news/business/articles/2026-05-20/george-soros-foundations-pledge-300m-for-us-democracy-amid-attacks-on-nonprofits

🔴 FEMA Opens $300 Million Nonprofit Security Grant Program for FY2026

FEMA published its FY2026 Nonprofit Security Grant Program notice on June 24, making $300 million available — split evenly between designated urban areas and other locations — to help at-risk nonprofits harden facilities against terrorism and extremism. Nonprofits cannot apply directly; submissions go through state administering agencies, which often set earlier deadlines. FEMA's own cutoff is July 24, days away. Eligible houses of worship, museums and community centers should confirm their state's deadline now or risk missing this year's cycle.

Source: FEMA.gov — https://www.fema.gov/grants/preparedness/nonprofit-security

🟡 Federal Education Grant Cuts Trigger Nonprofit Layoffs, New Lawsuit

A federal judge's ruling narrowing reinstatement of canceled Full-Service Community Schools grants triggered layoffs across 32 Illinois school buildings starting July 1, according to ACT NOW Illinois, the nonprofit that administers the program. Separately, on June 30, groups including the Massachusetts Teachers Association and National Center for Learning Disabilities sued the White House Office of Management and Budget and the Department of Education, alleging illegal withholding of appropriated funds for the Institute of Education Sciences and two other competitive grant programs.

Source: Education Week, July 1, 2026 — https://www.edweek.org/policy-politics/schools-lay-off-staff-as-lawsuits-challenging-federal-grant-cuts-continue/2026/07

🟢 Federal Courts Strike Down Public Service Loan Forgiveness Employer Restrictions

On June 30, two federal judges — in Boston and Washington, D.C. — struck down an Education Department rule stripping Public Service Loan Forgiveness eligibility from employees of nonprofits deemed to have a 'substantial illegal purpose,' including groups serving immigrants or providing gender-affirming care. Both courts found the rule exceeded statutory authority and violated First Amendment viewpoint neutrality. Nonprofit employers keep their standing as qualifying PSLF employers for now, preserving a valuable recruitment tool, though the Education Department may appeal.

Source: Reuters (via U.S. News & World Report), June 30, 2026 — https://www.usnews.com/news/politics/articles/2026-06-30/us-judge-blocks-trumps-limits-on-student-loan-forgiveness

---

Nonprofit Human Resources Developments

📋 **Executive Summary:** Employment compliance demands accelerated across multiple fronts. The EEOC rescinded its 40-year affirmative-action safe harbor and adopted a new enforcement plan prioritizing intentional discrimination claims, including DEI-related practices. Federal contractors face a July 24 deadline to add the new anti-DEI FAR clause, while employers of Temporary Protected Status workers must navigate shifting I-9 deadlines as early as July 17. Immigration enforcement continues straining nonprofit capacity. The Labor Department clarified overtime rules and is preparing a stricter independent-contractor test for October.

⚡ **Key Actions for This Section:** Nonprofit employers should take the following steps to manage rising HR compliance risk:

- Audit hiring, compensation, and diversity programs for language that could trigger EEOC scrutiny under the new enforcement plan
- Have counsel review any voluntary affirmative-action or diversity hiring programs following rescission of the EEOC's safe harbor
- Confirm federal contract modifications for the FAR 52.222-90 anti-DEI clause before July 24
- Update Form I-9 documentation for TPS-authorized employees ahead of the July 17 and July 24 deadlines
- Begin documenting the degree of control exercised over contractors and gig workers ahead of DOL's stricter October test

---

🟡 EEOC's New Enforcement Plan Puts “Overt” Discrimination in the Crosshairs

The EEOC's new National Enforcement Plan, in effect since June 4, deprioritizes disparate-impact claims and instead targets intentional discrimination, including DEI-related hiring, promotion, and accommodation practices. Individual commissioners can now launch investigations without a formal complaint. Nonprofit employers should audit hiring, compensation, and diversity programs for facially neutral language that could be read as protected-characteristic-based decision-making, since the agency can self-initiate probes into programs it flags as discriminatory.

Source: Littler, "EEOC Releases New National Enforcement Plan," June 5, 2026 — [*https://www.littler.com/news-analysis/asap/eeoc-releases-new-national-enforcement-plan*](https://www.littler.com/news-analysis/asap/eeoc-releases-new-national-enforcement-plan)

🟡 EEOC Scraps 40-Year-Old Affirmative-Action Safe Harbor

The EEOC voted June 29 to rescind its 1979 interpretive guidelines on voluntary affirmative action and the related compliance-manual section, citing conflicts with Title VII and recent Supreme Court rulings. Nonprofits that maintain voluntary, race- or sex-conscious hiring or promotion programs can no longer cite that guidance as a good-faith defense against discrimination claims. Organizations should have counsel review any affirmative-action or diversity hiring initiatives now that this safe harbor is gone.

Source: U.S. Equal Employment Opportunity Commission, June 30, 2026 — https://www.eeoc.gov/newsroom/eeoc-votes-rescind-affirmative-action-interpretive-guidelines-and-related-compliance

🔴 July 24 Deadline Looms for Federal Contractors on DEI Clause

Federal agencies must add the new anti-DEI clause, FAR 52.222-90, to existing contracts by July 24 or consider ending the contract for convenience. The clause ties compliance to payment decisions, exposing contractors to False Claims Act liability, and flows down to subcontractors. Nonprofits with federal grants or contracts should review pending modification requests now and decide how to respond before the deadline hits.

Source: Ward & Berry, "Don't Get Burned This Summer," June 5, 2026 — https://www.wardberry.com/dont-get-burned-this-summer-federal-contractors-have-until-july-24-to-comply-with-the-new-addressing-dei-discrimination-far-clause-but-state-contracts-make-for-a-complicate/

🔴 Supreme Court Ruling Forces Fast I-9 Action for TPS Workers

The Supreme Court's June 25 ruling in Mullin v. Doe cleared the way for DHS to end Temporary Protected Status, and USCIS has since briefly extended affected employees' work authorization dates, now through July 17 (July 24 for Haiti), for TPS holders from seven countries. Nonprofit employers with TPS-based staff must track these shifting dates, update Form I-9 documentation correctly, and prepare for reverification without triggering discrimination claims.

Source: Fragomen, "TPS Employment Authorization Again Extended Briefly for Several Countries," July 10, 2026 — https://www.fragomen.com/insights/united-states-tps-employment-authorization-again-extended-briefly-for-several-countries.html

🟡 ICE Enforcement Surge Strains Nonprofits' Capacity to Respond

As ICE enforcement intensifies, immigrant-serving nonprofits report hotline call volumes far outpacing available staff, funding, and legal aid, forcing many to turn away people needing help. Rapid-response and legal-services organizations say the shift from routine bond hearings to complex federal habeas litigation has strained budgets and burned out volunteers. Funders and nonprofit leaders should prioritize flexible, general operating support so frontline organizations can sustain services through an unpredictable enforcement environment.

Source: Nonprofit Quarterly, "Immigrant Support Networks Step Up as ICE Enforcement Rises and Fear Grips Communities," April 27, 2026 (updated May 12, 2026) — https://nonprofitquarterly.org/immigrant-support-networks-step-up-as-ice-enforcement-rises-and-fear-grips-communities/

🟡 USCIS Revises Employer Handbook as TPS Work-Permit Extensions Shrink

USCIS updated Sections 5.0-5.3 of its M-274 Handbook for Employers on July 7, reflecting a DHS rule and the One Big Beautiful Bill Act that have cut or eliminated automatic extensions for many Temporary Protected Status-based work permits. Nonprofit HR staff who complete Form

I-9 for TPS-authorized employees need the revised handbook to confirm which extension periods still apply, since outdated guidance could lead to improper terminations or verification errors.

Source: U.S. Citizenship and Immigration Services, "M-274 Section 5 Revision," July 7, 2026 — https://www.uscis.gov/i-9-central/form-i-9-related-news/m-274-section-5-revision

🟢 Labor Department Clarifies Overtime Rules on Bonuses and Break Time

The Wage and Hour Division issued four opinion letters on May 29 addressing when exempt employees can take on hourly side work, how certain bonuses factor into overtime pay, and whether time spent crossing employer property during meal breaks counts as compensable. Nonprofit payroll and HR teams should compare current bonus formulas and timekeeping practices against the letters' reasoning to avoid miscalculating overtime owed to nonexempt staff.

Source: U.S. Department of Labor, May 29, 2026 — https://www.dol.gov/newsroom/releases/whd/whd20260529-0

🟢 EEOC Regulatory Agenda Targets EEO-1 Reporting and Pregnancy Rules

The EEOC's July 7 regulatory agenda proposes eliminating the annual EEO-1 demographic report and revising Pregnant Workers Fairness Act regulations, alongside rescinding decades-old hiring-test guidelines. None of these proposals is final, and the EEO-1 comment period is expected to run through September. Nonprofits with 100 or more employees should keep preparing to file EEO-1 data this cycle while watching for the formal notices that will open comment periods.

Source: Seyfarth Shaw LLP, "EEOC Identifies Broad Rulemaking Initiative," July 2026 — https://www.seyfarth.com/news-insights/eeoc-identifies-broad-rulemaking-initiative-targeting-reporting-requirements-selection-procedures-and-longstanding-guidance.html

🟡 DOL Targets October for Final Independent-Contractor Test

The Department of Labor closed public comment on its proposed independent-contractor rule in April and expects to issue a final version in October, reviving a control- and profit-based test from 2021 in place of the current 2024 standard. Nonprofits that rely on consultants, coaches, or gig workers should start documenting how much control they exercise over these relationships now, since a stricter test could reclassify contractors as employees overnight.

Source: Ogletree Deakins, "Beltway Buzz," July 10, 2026 — https://ogletree.com/insights-resources/blog-posts/beltway-buzz-july-10-2026/

IRS, Accounting and Finance Developments

📋 **Executive Summary:** IRS and Treasury activity signals expanding oversight of nonprofit compensation and transparency. Notice 2026-36 previews a broader Section 4960 excise tax reaching any employee earning over $1 million, with comments due August 4. Treasury separately signaled the first major Form 990 overhaul since 2008 to improve tracing of government funds. On the operational side, the IRS opened its Business Tax Account to tax-exempt organizations, while advisors continue urging nonprofits to build cash reserves and stepwise contingency plans amid uncertain federal funding.

⚡ **Key Actions for This Section:** Finance and accounting leaders should take the following steps in response to IRS, Treasury, and advisor guidance:

- Review executive compensation structures against the expanded Section 4960 excise tax and consider submitting comments by August 4
- Begin reviewing government grant and fiscal sponsorship documentation ahead of anticipated Form 990 reporting changes
- Register a designated official for the IRS Business Tax Account to streamline routine filings
- Build a rolling 13-week cash forecast and revisit reserve policies to target three to six months of operating expenses
- Adopt board-approved contingency budgets with defined revenue-decline thresholds for activation

---

🟡 IRS Previews Broader Reach for Executive Compensation Excise Tax

The IRS issued Notice 2026-36, previewing how it will expand the Section 4960 excise tax on tax-exempt organization compensation. Under the One Big Beautiful Bill Act, the 21% tax can now apply to any employee earning over $1 million, not just an organization's five highest-paid staff. Existing volunteer exceptions remain in place, but overall exposure broadens considerably starting in 2026. Nonprofits should review compensation structures now; written comments on the approach are due August 4, 2026.

Source: IRS Newsroom, Notice 2026-36 (June 5, 2026) —
https://www.irs.gov/newsroom/treasury-irs-announce-intent-to-issue-proposed-regulations-for-excise-tax-on-excess-tax-exempt-organization-executive-compensation-under-the-one-big-beautiful-bill

🟢 Treasury Signals Major Form 990 Overhaul for Transparency

Treasury announced the IRS plans to revise Form 990 to require clearer reporting on government grants, government contracts, and fiscal sponsorship arrangements at 501(c)(3) organizations. Officials say the changes aim to trace public funds and curb fraud and abuse. Proposed regulations and a public comment period will precede any final requirements, but this would be the first major Form 990 redesign since 2008. Nonprofits with government funding or sponsorship arrangements should start reviewing documentation and governance now.

Source: U.S. Department of the Treasury press release (April 23, 2026) —
https://home.treasury.gov/news/press-releases/sb0470

🟢 IRS Opens Online Business Tax Account to Tax-Exempt Organizations

The IRS confirmed in a July 2026 fact sheet that tax-exempt organizations can now use its Business Tax Account, the online self-service platform previously limited mainly to corporations. Eligible officers can view balances, schedule payments, download transcripts and digital notices, and submit Offer in Compromise payments. An authorized "designated official," such as a treasurer or board chair, must register and revalidate access annually. This reduces reliance on paper filings and phone support for routine IRS interactions.

Source: IRS Fact Sheet FS-2026-11 (July 2026) — https://www.irs.gov/newsroom/business-tax-account

🟡 **Nonprofits Urged to Accelerate Cash Reserve Building**

As federal grants face pauses, delays and lengthening reimbursement timelines, advisors report most nonprofits hold three months or less in operating cash. Recommended immediate steps include building a rolling 13-week cash forecast, revisiting reserve policies to target three to six months of expenses, and pre-authorizing how leadership will respond to specific revenue-reduction scenarios. Boards are encouraged to review these plans quarterly. Organizations that formalize thresholds in advance can act quickly instead of scrambling once funding actually tightens.

Source: BryMar CPA & Advisors, "Nonprofit Financial Resilience in 2026" (May 25, 2026) — https://www.brymar.cpa/post/insights-nonprofit-financial-resilience-2026

🟡 **A Stepwise Approach to Nonprofit Contingency Planning**

With federal funding shifting unpredictably, advisors recommend nonprofits build contingency plans in stages: approve best-case, likely-case and worst-case budgets; identify which programs are mission-critical versus optional; build flexible, real-time financial monitoring; and set board-approved reserve and revenue-diversification policies. Boards should also define decision thresholds, such as automatically activating a contingency budget if revenue drops a set percentage, and commit to communicating openly with funders and donors before a crisis forces reactive cuts.

Source: Cerini & Associates, "Scenario Planning & Financial Resilience" (April 15, 2026) — https://ceriniandassociates.com/financial-resilience/

State Nonprofit News Developments

📋 **Executive Summary:** State-level activity ranged from contentious to administrative. Florida moved swiftly to designate CAIR-Florida a "domestic terrorist organization" under new law, drawing a federal lawsuit, while 26 states sued CMS over restrictive Medicaid work-requirement rules. Florida also overhauled its Nonprofit Corporation Act, and New York's contracting reform bill awaits the governor's signature amid a growing payment backlog. Several other states enacted new employment laws, tax-exemption changes, and compliance relief programs effective this summer.

⚡ **Key Actions for This Section:** Nonprofit leaders should take the following steps in response to state-level developments:

- Monitor litigation over Florida's domestic-terrorist designation law given its potential reach to disfavored advocacy organizations nationwide
- Prepare for compressed Medicaid work-requirement notification timelines ahead of the August 31 state deadline
- Florida nonprofits should review bylaws and procedures for compliance with the HB 797 governance overhaul
- Track New York's contracting reform bill and Pennsylvania's budget negotiations for cash-flow planning implications
- Confirm compliance with new state employment laws effective July 1, including leave, wage, and pay-transparency requirements
- Eligible Hawaii charities should use the July 1-August 31 amnesty period to resolve delinquent filings

---

🔴 **Florida's CAIR "Domestic Terrorist" Designation Remains On Hold**
Florida's HB 1471 took effect July 1, letting the state label organizations "domestic terrorist organizations," and Gov. Ron DeSantis used the occasion to announce a recommendation from FDLE Commissioner Mark Glass to designate the Council on American-Islamic Relations (CAIR), CAIR-Florida, the Muslim Brotherhood, and Antifa under the new law. CAIR and CAIR-Florida, represented by the ACLU, the ACLU of Florida, and the Southern Poverty Law Center, sued the next day in the U.S. District Court for the Northern District of Florida, alleging due-process and First Amendment violations; a federal judge had already blocked a related December 2025 executive order targeting CAIR in March. As of a July 13 court filing, state attorneys said they could not yet provide a timeline for finalizing the regulations needed before any designation can take effect, and told the court no designation will be made until those regulations are final. The parties are due to report back to the court by July 22. Nonprofits nationwide should continue to watch the litigation, since the law's designation standard could reach other advocacy groups Florida officials disfavor

.

Source: Florida Phoenix, July 14, 2026 —
https://floridaphoenix.com/2026/07/14/desantis-fdle-delay-designating-cair-a-domestic-terrorist-group/

🟡 **States Sue CMS Over Restrictive "Medically Frail" Medicaid Exemption**

A coalition of 26 states sued CMS over its June 1 interim final rule implementing Medicaid work requirements, arguing its narrow "medically frail" definition contradicts the 2025 reconciliation law. The rule requires enrollees to prove their condition impairs their ability to work, not just that they have a qualifying diagnosis. Nonprofit health and human-service providers face a compressed timeline: states must notify members by August 31, with requirements starting January 1, 2027, risking coverage loss for vulnerable clients.

Source: KFF —
https://www.kff.org/quick-insights/states-sue-cms-over-medicaid-work-requirements-rule-citing-departure-from-earlier-guidance-on-medical-frailty/

🟡 **North Carolina's New Budget Cuts Vacant Health Agency Jobs**

North Carolina's first full budget since 2023, released July 1, eliminates 362 vacant positions at the Department of Health and Human Services for roughly $35 million in savings, even as the agency implements new federally mandated Medicaid work requirements and six-month redeterminations. Advocates warn the cuts undercut capacity precisely when more staff are needed to help beneficiaries retain coverage, raising concern for nonprofit human-service partners statewide.

Source: NC Health News — *https://www.northcarolinahealthnews.org/2026/07/01/nc-full-budget-reflects-transformed-health-landscape/*

🟡 **Florida's HB 797 Overhauls Nonprofit Corporation Act**

Effective July 1, HB 797 comprehensively rewrites Florida's Nonprofit Corporation Act to align with the American Bar Association's Model Nonprofit Corporation Act. Changes touch governance, conflicts of interest, derivative lawsuits, mergers, conversions, and member rights. Florida nonprofits have only a narrow window to review bylaws, meeting procedures, and electronic-voting practices for compliance. Organizations contemplating mergers or restructuring face new procedural requirements, making legal review essential before undertaking transactions under the revised law.

Source: Shumaker, Loop & Kendrick, LLP — *https://www.shumaker.com/insight/client-alert-florida-enacts-comprehensive-overhaul-of-the-nonprofit-corporation-act-hb-797/*

🟢 **Pennsylvania Enacts 2026-27 Budget, Ending Impasse**

Gov. Josh Shapiro signed Pennsylvania's $50.85 billion 2026-27 budget into law on July 12, less than two weeks after the constitutionally mandated deadline and a significant improvement over last year's nearly five-month impasse. The bipartisan deal passed the Senate 44-6 and the House 167-35. It does not raise taxes, leaves the state's roughly $8 billion Rainy Day Fund untouched, and increases K-12 education funding by more than $678 million, including a $565 million increase through the state's adequacy and tax equity formula. Left unresolved were several of the governor's other priorities, including a minimum wage increase, recreational marijuana legalization, and long-term mass transit funding. Nonprofits with state contracts and grants that had been bracing for cash-flow disruption from a prolonged impasse should note that the budget is now enacted.

Source: Commonwealth of Pennsylvania, Governor's Press Office, July 12, 2026 — https://www.pa.gov/governor/newsroom/2026-press-releases/governor-shapiro-signs-bipartisan-2026-27-budget--securing-major

🟢 **New York Nonprofit Contracting Reform Bills Await Hochul's Signature**

The New York Legislature passed S.9761 (Mayer) / A.10741 (Paulin) and a companion bill, S.9855 / A.11179 (Paulin), on June 8, overhauling the state's Prompt Contracting Law by establishing clearer payment timelines, improving transparency and accountability, and expanding nonprofits' access to bridge financing. The New York Council of Nonprofits, Human

Services Council, New York Legal Services Coalition, Nonprofit New York, and Nonprofit Westchester applauded passage and are urging Gov. Kathy Hochul to sign the bills into law. Hochul vetoed similar legislation last December, citing constitutional concerns about advancing funds before appropriation; supporters say this version was crafted to address those objections. As of this update, Hochul has not yet acted on the bills. With the state owing nonprofits hundreds of millions of dollars in unpaid contracts, the outcome will shape providers' cash flow statewide.

Source: Across New York, NY Patch, June 8, 2026 — https://patch.com/new-york/across-ny/nonprofits-applaud-legislature-passing-contracting-reform-bills-fix-new-yorks

🟡 Wave of New State Employment Laws Hits Nonprofit Employers

A broad set of state employment laws took effect July 1, covering paid leave, minimum wage, noncompete restrictions, and pay transparency across states including Connecticut, Virginia, and New Hampshire. Nonprofit employers must update job postings, severance and noncompete agreements, and leave policies to match new state-specific mandates. With rules varying widely by state, multi-state nonprofit employers face mounting compliance complexity heading into the second half of 2026.

Source: Ogletree Deakins — [*https://ogletree.com/insights-resources/blog-posts/compliance-cue-new-batch-of-state-employment-laws-to-take-effect-july-1-2026/*](https://ogletree.com/insights-resources/blog-posts/compliance-cue-new-batch-of-state-employment-laws-to-take-effect-july-1-2026/)

🟢 Connecticut Tightens Oversight of Nonprofit Earmark Funding

Responding to a federal probe into a Hartford nonprofit that received millions in legislative earmarks, Connecticut enacted a law requiring state officials to approve any subgranting of earmarked funds and mandating public disclosure of recipient organizations and intended use. The reform followed revelations that a state senator directed a nonprofit's spending after securing its funding. Nonprofits receiving earmarked state dollars should prepare for new documentation and reporting obligations.

Source: Office of Gov. Ned Lamont — [*https://portal.ct.gov/governor/news/press-releases/2026/05-2026/governor-lamont-signs-legislation-increasing-transparency-on-earmarks*](https://portal.ct.gov/governor/news/press-releases/2026/05-2026/governor-lamont-signs-legislation-increasing-transparency-on-earmarks)

🟡 South Carolina Freezes and Threatens Nonprofit Housing Tax Exemption

Lawmakers passed S. 853, freezing approval of new applications for South Carolina's nonprofit low-income housing property-tax exemption filed after June 30, 2026, through mid-2027. A separate bill, H. 5006, would tie the exemption to a nonprofit's actual ownership percentage rather than granting full exemption regardless of stake, potentially sharply raising taxes for affordable-housing partnerships with minority nonprofit ownership. Developers should evaluate closing timelines and ownership structures now.

Source: Moore & Van Allen — [*https://www.mvalaw.com/alert-10315*](https://www.mvalaw.com/alert-10315)

🟢 North Carolina Overhauls Nonprofit Corporation Governance Rules

Gov. Josh Stein signed House Bill 517 into law as Session Law 2026-52 on July 7, making multiple changes to the North Carolina Nonprofit Corporations Act. The law allows charitable organizations to satisfy state disclosure requirements through the acknowledgment already required for federal tax deductions, easing duplicate paperwork, and modifies emergency-video meeting sunset provisions. North Carolina nonprofits should review governance documents and donor-acknowledgment practices to ensure compliance with the updated statute.

Source: NC Political News —
[*https://www.ncpoliticalnews.com/news/nonprofit-corporation-and-charitable-organization-bill-becomes-law*](https://www.ncpoliticalnews.com/news/nonprofit-corporation-and-charitable-organization-bill-becomes-law)

🟡 **Hawaii Offers 60-Day Amnesty for Delinquent Charities**

Hawaii's Attorney General announced a July 1-August 31 amnesty period letting charitable organizations behind on registration or annual filings catch up and have late fees and penalties waived. Eligible charities must file all overdue documents, pay current fees, and correct deficiencies by the deadline; fraud or misuse of assets remains excluded. The program offers Hawaii nonprofits a rare chance to restore good standing without facing the state's usual compliance penalties.

Source: Office of Gov. Josh Green —
[*https://governor.hawaii.gov/newsroom/2026-38-department-of-the-attorney-general-announces-60-day-amnesty-period-for-delinquent-charitable-organizations/*](https://governor.hawaii.gov/newsroom/2026-38-department-of-the-attorney-general-announces-60-day-amnesty-period-for-delinquent-charitable-organizations/)

🟢 **Massachusetts Requires Fundraiser Filings Through New Online Portal**

As of January 1, 2026, the Massachusetts Attorney General's Non-Profit Organizations/Public Charities Division mandates that all professional fundraiser filings be submitted through its new Fundraiser Portal, ending paper and email submissions for solicitors, fundraising counsel, and commercial co-venturers. Nonprofits contracting with professional fundraisers in Massachusetts should confirm their vendors are registering correctly through the new system to avoid compliance gaps affecting the charity's own standing.

Source: Massachusetts Attorney General's Office —
[*https://www.mass.gov/information-for-existing-charities*](https://www.mass.gov/information-for-existing-charities)

🟢 **New Hampshire Simplifies Nonprofit Property-Tax Exemption Filing**

Gov. Kelly Ayotte signed HB 1756, allowing qualifying nonprofits to file for property-tax exemptions once rather than annually; the exemption continues unless a town assessor later finds the organization ineligible. The change, backed by the NH Center for Nonprofits, reduces a recurring administrative burden for charitable organizations statewide. Nonprofits should still monitor eligibility criteria, since local assessors retain authority to challenge exemption status at any time.

Source: Office of Gov. Kelly Ayotte —
[*https://www.governor.nh.gov/news/governor-signs-74-bills-law*](https://www.governor.nh.gov/news/governor-signs-74-bills-law)

🟡 **Nebraska's New Mini-WARN Act Takes Effect July 18**

Nebraska Legislative Bill 921 requires employers with 100 or more workers, including larger nonprofits, to provide at least 90 days' written notice before a mass layoff or business closing affecting 100 or more employees at a single site. The notice must detail affected employees and applicable policies. Nonprofit human-service and hospital systems facing funding cuts should build this notice requirement into contingency planning for potential downsizing.

Source: Seyfarth Shaw LLP — https://www.seyfarth.com/employment-law-horizon-report.html

🟢 **Maine Raises Maximum Paid Family and Medical Leave Benefit**

Effective July 1, Maine's paid family and medical leave program increased its maximum weekly benefit to $1,249.12, calculated using a tiered formula tied to the state average weekly wage. The change affects nonprofit employers' payroll contributions and staff benefits statewide. Nonprofits should update payroll systems and employee communications to reflect the higher benefit cap as the program continues to mature.

Source: Fisher Phillips LLP — https://www.fisherphillips.com/en/insights/insights/employer-cheat-sheet-for-workplace-laws-taking-effect-july-1-2026

Summary

This week's developments underscore an accelerating pace of federal, employment, tax, and state-level change for nonprofit organizations. At the federal level, OMB's proposed rewrite of Uniform Guidance grant rules represents the most significant shift in federal grant compliance in over a decade, arriving alongside continued congressional and DOJ scrutiny of politically disfavored nonprofits and a federal court ruling against EPA's environmental justice grant terminations. Record charitable giving of $617.2 billion offers a bright spot, though growth remains concentrated among larger donors. Employment compliance demands intensified as the EEOC rescinded its affirmative-action safe harbor and adopted a new enforcement plan, while federal contractors and employers of TPS-authorized workers face fast-approaching deadlines. IRS and Treasury signaled expanding oversight of executive compensation and nonprofit transparency through a planned Form 990 overhaul. State developments ranged from Florida's contested domestic-terrorist designation law to new employment laws, tax-exemption changes, and compliance relief programs taking effect across the country. Taken together, these developments call for nonprofit leaders to prioritize compliance reviews, monitor pending litigation and rulemakings, and build financial resilience through cash reserves and contingency planning as the regulatory environment continues to shift rapidly.

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.