

Abstract

This July 6, 2026 edition of the Nonprofit Management Navigator brings nonprofit leaders the federal, employment, tax, and state developments shaping the sector this week. At the federal level, OMB's sweeping proposed rewrite of the Uniform Guidance threatens to upend grantmaking through political pre-approval, no-cause terminations, and new eligibility restrictions, with public comments due July 13. Nonprofit employers face urgent Form I-9 and DEI compliance deadlines following Supreme Court and ICE actions, while the IRS expands its excise tax and whistleblower enforcement reach. At the state level, Florida and Indiana have enacted laws permitting nonprofits to be designated as terrorist-affiliated organizations. This update equips nonprofit executives, board members, and compliance officers with prioritized intelligence to protect their funding, workforce, and mission.

July 6, 2026 Navigator News Update: Including OMB's Sweeping Grant Overhaul, PSLF Ruling, Florida's New Nonprofit "Domestic Terrorist" Designation Law and More!

From Nonprofit Management Navigator, a DBA of PMG46, LLC

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Introduction

Welcome to the July 6, 2026 edition of the Nonprofit Management Navigator. This week's update arrives amid an accelerating wave of federal and state regulatory activity that nonprofit leaders cannot afford to overlook. The Office of Management and Budget's proposed overhaul of the Uniform Guidance, the most significant rewrite of federal grant rules in over a decade, would reshape how nonprofits compete for, manage, and retain federal funding, with public comments due July 13. Employment law developments move just as quickly, from a blocked PSLF rule to mandatory I-9 reverification for organizations employing workers with Temporary Protected Status. The IRS continues expanding its compliance and enforcement footprint through new excise tax guidance and a whistleblower program targeting misuse of federal funds. At the state level, Florida and Indiana have activated laws permitting nonprofits to be designated as domestic terrorist organizations or foreign-terrorist affiliates, part of a broader, coordinated escalation in scrutiny of mission-driven organizations. Each


development below is tagged with a priority indicator and paired with concrete recommended actions to help your organization respond efficiently and strategically.


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

Federal News and Regulatory Developments

 **Executive Summary:** OMB's proposed overhaul of the Uniform Guidance dominates this section, with a July 13 comment deadline on rules that would let political appointees pre-approve grants, authorize no-cause mid-award terminations, restrict eligibility by IRS classification, and impose new certification requirements. A White House task force is also expanding fraud-related oversight of nonprofit grantees. Together these proposals would fundamentally restructure how federal dollars reach nonprofits, making engagement before the comment period closes essential for any organization receiving federal funding.

 **Key Actions for This Section:** Organizations should take immediate steps to engage with the proposed rule and shore up compliance before the comment window closes:

- Submit comments on OMB's proposed Uniform Guidance rewrite before the July 13, 2026 deadline
 - Assess current and anticipated federal awards against proposed IRS classification eligibility restrictions
 - Review foreign collaboration activities and professional membership dues for compliance with proposed restrictions
 - Strengthen internal controls and documentation in anticipation of expanded fraud oversight
 - Audit third-party online fundraising platforms for compliance with new consent and transparency principles
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● URGENT — July 13 Deadline to Comment on OMB's Proposed Federal Grant Overhaul

The 45-day public comment period closes July 13, 2026 on OMB's sweeping proposed rewrite of the Uniform Guidance — the largest revision since 2013. If finalized with an October 1, 2026 effective date, the rule would convert existing guidance into binding

regulation, impose sweeping political and ideological conditions on all new federal awards, and dramatically restrict nonprofit grantees' operational and programmatic flexibility. With nearly 15,000 comments already filed, nonprofits must act now. Submit comments at [regulations.gov](https://www.regulations.gov), Docket OMB-2026-0034.

Source: Independent Sector, June 2026

<https://independentsector.org/blog/nonprofits-ombs-proposed-grantmaking-changes/>

● **Political Appointees Would Pre-Approve Every Federal Discretionary Grant Under Proposed OMB Rule**

Proposed Section 200.205 would require senior political appointees — not career grant managers or peer reviewers — to personally approve every discretionary federal grant before award. Appointees must certify that grants "demonstrably advance the President's policy priorities" and are explicitly barred from deferring to peer review. The provision upends decades of merit-based grantmaking, introduces political risk and lengthy delays into the award process, and leaves nonprofits with no appeal right if a grant is rejected.

Source: Wiley Rein LLP, June 2026

<https://www.wiley.law/alert-OMB-Calls-for-More-Agency-Discretion-New-Compliance-Mandates-in-Proposed-Grant-Overhaul>

● **Proposed OMB Rule Would Authorize Mid-Course Grant Terminations Without Cause**

OMB's proposed Uniform Grants Regulation would dramatically expand federal authority to terminate active grants whenever an agency decides an award no longer advances "agency priorities or the national interest" — even without any finding of noncompliance. A new 90-day suspension authority is also proposed. Multi-year nonprofit projects would face sudden financial disruption, standard appeal rights would not apply to discretionary terminations, and agencies could require cost-reimbursement rather than advance payments mid-award.

Source: NonProfit PRO, June 2026

<https://www.nonprofitpro.com/article/what-proposed-federal-grant-rule-changes-mean-for-nonprofits/>

● **Proposed Grant Rule Would Restrict Nonprofit Eligibility by IRS Tax-Exempt Category**

OMB's proposed Uniform Grants Regulation would allow federal agencies to restrict grant eligibility to specific IRS nonprofit classifications — for example, limiting awards to 501(c)(3) organizations while excluding 501(c)(4) social welfare and advocacy groups. This unprecedented departure from current practice could disqualify organizations that have long participated in federal programs. Nonprofits should immediately assess their IRS classification relative to existing and anticipated federal funding opportunities.

Source: Alliance for Justice, June 2026

<https://afj.org/article/federal-funding-the-omb-rule-proposal-thats-got-nonprofits-talking/>

● **Proposed OMB Rule Would Prohibit Federal Funds for Foreign Collaborations and Advocacy Membership Dues**

Two additional provisions in OMB's proposed overhaul carry wide nonprofit impact. First, grant funds could not be used for collaborations with "covered foreign countries" — including China, Russia, Iran, and Cuba — extending to travel, joint research, and indirect costs. Second, grant funds could no longer pay membership dues to organizations whose primary purpose is lobbying or issue advocacy, with all other professional memberships requiring prior agency approval. Both provisions require immediate program and budget reviews.

Source: Fisher Phillips LLP, June 2026

<https://www.fisherphillips.com/en/insights/insights/things-non-profits-need-to-know-about-ombs-major-proposed-overhaul-of-the-federal-grant-rules>

● **Proposed Federal Grant Rules Would Require New Certifications from All Grant Recipients**

OMB's proposed overhaul would require all grant applicants to affirmatively certify compliance with a wide range of new conditions — including prohibitions on DEI, gender ideology, support for undocumented immigrants, and elective abortion costs — as prerequisites for registration and award. The General Services Administration has separately proposed new SAM.gov certification requirements aligning with executive orders on anti-discrimination. Violations of these conditions would be treated as a material breach of award terms, increasing exposure to fund recovery and award termination.

Source: Ropes & Gray LLP, June 2026


<https://www.ropesgray.com/en/insights/alerts/2026/06/omb-proposed-revisions-to-the-uniform-guidance-key-takeaways-for-award-recipient-organizations>


● **National Council of Nonprofits Publishes Principles to Protect Sector from Unethical Online Fundraising Platforms**

The National Council of Nonprofits has released four national principles — consent, transparency, partnership, and accountability — to guide online fundraising platforms that solicit donations on behalf of nonprofits without their knowledge or consent. The move addresses growing concern that hundreds of online fundraising platforms collect donations for nonprofits without their knowledge, sometimes counter to state or local laws, generating fees and tips while inserting themselves between charities and donors. Nonprofits are urged to audit their presence on third-party platforms and demand compliance with these new standards.

Source: National Council of Nonprofits, June 2026

Nonprofit Human Resources Developments

 **Executive Summary:** This section is dominated by abrupt shifts in federal employment compliance: a court blocked the PSLF employer-eligibility rule one day before it took effect, the Supreme Court cleared the way for TPS terminations requiring immediate I-9 reverification, and ICE has eliminated the cure period for common I-9 errors. Federal contractors face a July 24 deadline to accept new anti-DEI contract clauses, while EEOC enforcement priorities and a proposed end to affirmative-action safe harbors heighten legal risk for nonprofit diversity programs.

 **Key Actions for This Section:** Organizations should move quickly on time-sensitive employment compliance obligations:

- Identify employees with Temporary Protected Status and complete Form I-9 reverification immediately
- Conduct an internal Form I-9 audit before any federal inspection notice arrives
- Consult counsel before the July 24, 2026 deadline for federal contract DEI clause modifications
- Review diversity, mentoring, and hiring programs against new EEOC enforcement priorities
- Evaluate third-party staffing and contractor relationships for potential joint-employer exposure

BREAKING: Federal Judge Blocks Trump Administration's PSLF Employer Eligibility Rule on Eve of Its July 1 Effective Date

U.S. District Judge Myong Joun in Boston ruled June 30, 2026, blocking the Department of Education from enforcing its new Public Service Loan Forgiveness employer eligibility rule — halting implementation one day before its scheduled July 1, 2026 effective date. The rule, finalized October 2025, would have allowed the Secretary of Education to strip PSLF eligibility from any employer deemed to have a "substantial illegal purpose," including organizations supporting immigration rights or transgender healthcare. A coalition of Democratic-led states, cities, and nonprofits sued in November 2025, arguing the statute grants no authority to narrow eligibility and that the rule improperly targets politically disfavored organizations.

Source: Reuters via Investing.com —

<https://www.investing.com/news/economy-news/judge-blocks-trump-rule-on-student-loan-forgiveness-program-93CH-4768834>

Supreme Court Rules 6-3 in *Mullin v. Doe* — Nonprofit Employers of TPS Workers Must Act on I-9 Reverification

On June 25, 2026, the Supreme Court ruled 6-3 that the federal TPS statute bars judicial review of DHS's termination of Temporary Protected Status for roughly 350,000 Haitian and 6,000 Syrian nationals. Employment authorizations for affected workers are expected to expire imminently, with DHS having previously stated an expiration date of July 1, 2026. Nonprofit employers who rely on TPS workers must immediately identify affected employees and

complete Form I-9 reverification to avoid liability for employing workers without valid authorization.

Source: Littler —

<https://www.littler.com/news-analysis/asap/supreme-court-rules-dhs-has-authority-end-tps-foreign-nationals-haiti-and-syria>

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

In March 2026, ICE quietly revised its Form I-9 inspection guidance, reclassifying more than ten previously correctable errors — such as missing birth dates, omitted hire dates, and incomplete document fields — as substantive violations subject to immediate fines of up to \$2,861 per form. The long-standing 10-day cure window no longer applies to these errors. Nonprofits face potentially significant financial exposure and should conduct immediate internal I-9 audits and retrain HR staff before any federal inspection notice arrives.

Source: Morgan Lewis —

<https://www.morganlewis.com/pubs/2026/04/ice-rewrites-the-rules-on-form-i-9-violations>

● Federal Contractor DEI Ban Deadline of July 24, 2026 Approaches for Bilateral Contract Modifications

Under Executive Order 14398 and FAR clause 52.222-90, federal agencies must bilaterally modify existing contracts valued over \$15,000 to prohibit racially discriminatory DEI activities by July 24, 2026. Nonprofits holding federal contracts face a stark choice: accept the new clause or risk contract termination for convenience. Noncompliance also creates False Claims Act exposure. Multiple lawsuits challenging the order are pending but have not yet blocked implementation. Nonprofits should consult counsel immediately to assess obligations before the deadline.

Source: Ogletree Deakins —

<https://ogletree.com/insights-resources/blog-posts/federal-contractor-dei-ban-under-fire-again-state-coalition-targets-agency-rollout/>

● DOL Fertility Benefits Proposed Rule Comment Period Closes July 13, 2026

The Departments of Labor, HHS, and Treasury have proposed a rule creating a new category of limited excepted benefits allowing employers to offer standalone fertility coverage — including IVF — outside of their major medical plans, with a \$120,000 lifetime cap per participant. Participation is voluntary. Comments are due July 13, 2026, with a proposed effective date of January 1, 2027. Nonprofits that compete for talent should evaluate whether offering this benefit supports recruitment and retention goals before the comment deadline passes.

Source: Goodwin Law —

<https://www.goodwinlaw.com/en/insights/publications/2026/05/alerts-practices-hlhc-trump-administration-proposes-rule-to-expand-access-to-fertility-benefits>

● **EEOC Announces New National Enforcement Plan for Fiscal Years 2025–2029**

On June 4, 2026, the EEOC released its National Enforcement Plan replacing the Biden-era Strategic Enforcement Plan. The new plan formally prioritizes intentional discrimination, including DEI-related practices, while deprioritizing disparate impact claims. It explicitly targets race- or sex-based diversity goals, mentoring programs, and practices labeled "DEI." Nonprofits should treat this plan as a compliance roadmap: programs that consider protected characteristics in employment decisions now face the highest enforcement risk in recent memory.

Source: Jackson Lewis —

<https://www.jacksonlewis.com/insights/eec-releases-new-national-enforcement-plan>

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

On May 27, 2026, the EEOC submitted a proposal to rescind its 1979 interpretive rule under 29 C.F.R. Part 1608 — the longstanding safe harbor permitting voluntary affirmative action plans under Title VII. While not yet final, the proposal signals the end of regulatory protection for nonprofit DEI programs relying on that framework. A notice-and-comment period will follow. Nonprofits with diversity-focused hiring or mentoring programs face growing legal risk and should review practices with employment counsel.

Source: SHRM —

<https://www.shrm.org/topics-tools/employment-law-compliance/eec-proposes-rescinding-longstanding-affirmative-action>

● **DOL Joint Employer Proposed Rule Comment Period Closes June 22, 2026**

The Department of Labor's proposed rule, with its comment period now closed on June 22, 2026, would establish a four-factor test for determining when organizations using staffing agencies or contractors share joint employer status under the FLSA, FMLA, and MSPA. A final rule is expected in late 2026 or early 2027. Nonprofits that rely on temporary staffing, contracted service providers, or shared employees could face expanded wage, overtime, and leave obligations if found to be joint employers. Nonprofits should assess current third-party workforce arrangements now.

Source: U.S. Department of Labor —

<https://www.dol.gov/agencies/whd/nprm-joint-employer-status-under-flsa-fmla-mspa>


● **Employers Face Expanded Federal Review of AI-Enabled Employment Decision-Making Practices**


While the Trump administration removed federal AI hiring guidance from EEOC.gov in early 2025, underlying anti-discrimination obligations under Title VII and the ADA remain fully in force. States including California, Illinois, Colorado, and Texas have enacted their own AI employment laws, creating a patchwork of compliance obligations. Nonprofit HR departments using AI tools for resume screening, applicant ranking, or performance monitoring remain legally exposed, and the absence of federal guidance has shifted interpretive responsibility to courts and state regulators.

Source: National Law Review —

<https://natlawreview.com/article/federal-government-quietly-removed-its-ai-hiring-guidance-four-states-are-writing>

IRS, Finance & Operations Developments

 **Executive Summary:** IRS Notice 2026-36 expands the Section 4960 excise tax to any employee earning over \$1 million, while a new IRS Whistleblower Alert and a Form 990 overhaul both target the misuse of federal funds at nonprofits. A congressional referral documenting hundreds of potentially prohibited political contributions adds further enforcement risk. Meanwhile, a CEO survey confirms a deepening sector-wide funding crisis, underscoring why cybersecurity governance and authentic storytelling are increasingly framed as financial necessities rather than optional extras.

 **Key Actions for This Section:** Organizations should reassess compensation, controls, and compliance documentation now:

- Reassess executive compensation structures in light of the expanded Section 4960 excise tax
 - Strengthen internal controls and grant documentation ahead of heightened IRS whistleblower scrutiny
 - Audit political activity and lobbying compliance records for accuracy and completeness
 - Establish board-level cybersecurity risk reviews, incident response plans, and staff training
 - Review fund-tracking and fiscal sponsorship documentation ahead of the Form 990 overhaul
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IRS Notice 2026-36: Excise Tax on Nonprofit Executive Compensation Expanded to All Employees Over \$1 Million — Comment Deadline August 4, 2026

Issued June 5, 2026, IRS Notice 2026-36 addresses the OBBBA's expansion of the Section 4960 excise tax, which now extends the 21% levy beyond the former top-five employee cap to any employee earning over \$1 million beginning in tax year 2026. The notice provides interim relief,

confirming that limited-hours and nonexempt-funds exceptions will continue. Nonprofits must reassess compensation structures immediately. Public comments are due August 4, 2026.

Source: IRS —

<https://www.irs.gov/newsroom/treasury-irs-announce-intent-to-issue-proposed-regulations-for-ex-cise-tax-on-excess-tax-exempt-organization-executive-compensation-under-the-one-big-beautiful-bill>

● **IRS Whistleblower Alert Targets Federal Funds Misuse at Nonprofits**

On April 17, 2026, the IRS issued its first-ever Whistleblower Alert targeting tax-exempt organizations, inviting public tips on the misuse, diversion, or fraudulent use of federal funds and grants. The IRS's Whistleblower Alerts page specifies covered conduct including false grant applications, self-dealing, falsified agency reporting, and misclassification of activities to preserve exempt status. Informants may receive awards of up to 30% of proceeds collected. The alert significantly raises the risk profile for any nonprofit with inadequate internal controls.

Source: IRS Whistleblower Alerts — <https://www.irs.gov/compliance/whistleblower-alerts>

● **Treasury and IRS Launch Form 990 Overhaul to Boost Nonprofit Transparency**

On April 23, 2026, Treasury announced the IRS will revise Form 990 to require enhanced disclosure of government grants, contracts, and fiscal sponsorship arrangements. The initiative, framed as deterring fraud and misuse, will require nonprofits to clearly document who controls funds and how they are deployed. Proposed regulations and a public comment period will precede any final changes. Nonprofits should review current fund-tracking practices, governance records, and fiscal sponsorship documentation now.

Source: U.S. Department of the Treasury —

<https://home.treasury.gov/news/press-releases/sb0470>

● **Investigation Finds Hundreds of 501(c)(3) Organizations Made Potentially Prohibited Political Contributions, Renewing Calls for IRS Enforcement Action**

A March 2026 congressional referral to the IRS documented that more than 650 New York nonprofits may have made more than 1,000 political contributions totaling over \$400,000, while certifying to the IRS under penalty of perjury that they were not engaged in political campaigns — a direct violation of Section 501(c)(3). Violations may trigger tax-exempt status revocation and excise taxes on every impermissible dollar spent. All nonprofits should audit their political activity compliance immediately.

Source: Rep. Claudia Tenney press release —

<https://tenney.house.gov/media/press-releases/congresswoman-tenney-refers-potential-501c3-violations-irs-investigation>

● **Nonprofit Sector Faces Historic Funding Crisis as Federal Cuts Leave State and Private Donors Unable to Fill the Gap**

A February 2026 survey of 380 nonprofit CEOs found that the number reporting burnout as a serious concern jumped to 46% — up from 29% in 2025 — and 26% had already reduced services. Federal funding cuts and mid-cycle grant terminations have destabilized program planning across the sector. Nearly 60% of CEOs report foundation funding has also become harder to secure since January 2025, and foundations are not filling the gap. Revenue diversification has shifted from a best practice to a survival imperative.

Source: NonProfit PRO / Center for Effective Philanthropy — <https://www.nonprofitpro.com/article/state-of-nonprofits-2026-3-dire-realities-facing-the-sector-right-now/>

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

Cyberattacks against nonprofits are rising sharply. A single breach can expose donor data, disrupt programs, trigger regulatory penalties, and permanently damage community trust. Governance experts now frame cybersecurity as a board-level fiduciary duty on par with financial oversight — not an IT back-office issue. Boards should demand annual risk reviews, incident response plans, multi-factor authentication, and regular staff training as baseline governance standards, and ensure leadership provides clear, comprehensible cyber risk reporting rather than overly technical updates.


Source: KLR / Kahn Litwin Rowe — <https://kahnlitwin.com/blogs/mission-matters-blog/strengthening-nonprofit-board-cybersecurity-oversight-part-1>


● **Effective Storytelling Is Becoming a Financial Lifeline for Nonprofits During the Current Funding Crisis**

As federal funding contracts and foundation giving tightens simultaneously in 2026, effective storytelling has moved from a marketing tactic to a core survival strategy. The most effective 2026 approaches emphasize field-driven narratives rooted in local voices and lived realities, consistent continuous storytelling rather than campaign-only bursts, depth over volume, and ethical representation that centers on the humanity of those served. Organizations that treat storytelling as strategic infrastructure — not a communications afterthought — build donor trust and organizational resilience.

Source: era92 Creative — <https://era92creative.com/blog/6-trending-ways-to-elevate-your-nonprofit-story-telling-in-2026/>

State Nonprofit News Developments

 **Executive Summary:** States are increasingly adopting national-security-style frameworks against civil society: Florida and Indiana laws now allow designation of nonprofits as domestic terrorist organizations or foreign-terrorist affiliates, while OMB and state attorneys general coordinate scrutiny of 49 named nonprofits. Meanwhile, routine compliance deadlines continue, including California's August 31 charitable registration relief and OBBBA's December 31 Medicaid work-reporting rollout. Arizona's SNAP enrollment collapse is straining food banks, and San Francisco may soon require city-funded nonprofits to register as lobbyists.

 **Key Actions for This Section:** Organizations should assess legal exposure and prepare for state-level compliance deadlines:

- Consult legal counsel regarding exposure under Florida's and Indiana's nonprofit designation laws
- Review compliance with California's extended charitable registration deadline of August 31, 2026
- Prepare Medicaid-eligible clients and case management programs for OBBBA work-reporting requirements
- Reassess capacity and funding strategies in light of declining SNAP enrollment and rising need
- Track the Alliance for Justice's state advocacy tracker for emerging compliance obligations

California Attorney General Charitable Registration Filing Deadline Is August 31, 2026 — Noncompliance Suspends Fundraising

The California Registry of Charities and Fundraisers has extended its blanket filing deadline relief for all registered charities. Renewal filings originally due between January 7, 2025, and August 31, 2026 — including Forms RRF-1, CT-TR-1, and IRS Forms 990, 990-EZ, and 990-PF — are now due August 31, 2026. Organizations do not need to contact the Registry to receive this relief. The extension is tied to the Registry's planned launch of a new online filing system in 2026.

Source: [California Attorney General Registry of Charities and Fundraisers](#)

OBBBA Medicaid Work Reporting Requirements Approaching December 31, 2026 Deadline, Forcing State Implementation That Directly Affects Nonprofit Health and Human Services Providers

The One Big Beautiful Bill Act (OBBBA), signed July 4, 2025, mandates that all states implement Medicaid work reporting requirements — 80 hours per month of work, community service, or education — by December 31, 2026. CMS released final implementation guidance on June 1, 2026, with provisions taking effect July 31. States must conduct mandatory member outreach between June 30 and August 31, 2026. Nebraska has already begun implementation; seven other states have pending Section 1115 waivers..

Source: [Center for Health Care Strategies \(June 2026\)](#)

Florida Law (HB 1471) Allowing State to Designate and Dissolve Nonprofits as Domestic Terrorist Organizations Now in Effect

Florida Governor DeSantis signed HB 1471 into law on April 6, 2026, and it took effect July 1. The law empowers the state's Chief of Domestic Security, working with the Governor and Cabinet, to designate organizations as domestic terrorist organizations. Designated nonprofits face potential administrative dissolution by the Secretary of State, asset freezes, and felony criminal penalties for anyone who knowingly provides 'material support' — broadly defined to include expert advice — to a designated group.

Source: [Charity & Security Network \(April 9, 2026\)](#)

● **Indiana Senate Bill 256 Authorizing Attorney General to Investigate and Designate Nonprofits as Foreign Terrorist Organization Affiliates Now in Effect**

Indiana's Senate Bill 256, enacted in March 2026 with overwhelming bipartisan support, took full effect July 1. The law authorizes the state Attorney General to use civil investigative demands to examine any entity believed to be affiliated with a federally-designated Foreign Terrorist Organization (FTO). The Governor may then formally designate the entity, barring it from receiving state funds, contracts, tax exemptions, employment, or any other state benefit. Intentional violations carry penalties up to \$10,000 per violation.

Source: [International Center for Not-for-Profit Law \(May 2026\)](#)

● **Federal OMB Scrutinizes 49 Named Nonprofits' Federal Funding as Vice President Meets State Attorneys General on Nonprofit Oversight**

A National Council of Nonprofits June 2026 newsletter reports that the Office of Management and Budget issued a memorandum directing federal agencies to compile all grants, contracts, and awards to 49 specifically named nonprofit organizations in FY 2024–2026. The targeted nonprofits advance missions related to DEI, LGBTQ+ communities, immigrants, civil rights, environmentalism, and international aid. Separately, Vice President Vance convened 15 state attorneys general on May 26 to discuss nonprofit oversight as part of a newly created White House coordination effort on civil society.

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

● **SNAP Reductions Under OBBBA Drive Record Demand at Arizona Food Banks: St. Mary's Reports 15% Increase and 300,000 More Annual Visits**

Arizona has experienced the largest decline in SNAP participation in the nation — a 51% drop — following implementation of OBBBA's new eligibility and verification requirements. According to the Center on Budget and Policy Priorities, 449,478 fewer Arizonans received food assistance year over year, including more than 205,000 children. St. Mary's Food Bank in Phoenix, the state's largest, reported a 15% increase in need, translating to 300,000 more annual visits, along with a \$12 million shortfall from reduced USDA commodity deliveries..

Source: [ProPublica / Arizona Republic \(June 2026\)](#)

● **Alliance for Justice 2026 Report Documents Rapidly Expanding State Regulation of Nonprofit Advocacy, Campaign Finance, and Foreign Influence**

A mid-June 2026 legislative wrap-up from the Alliance for Justice (AFJ) tracked approximately 1,000 bills across 46 states plus DC that could affect nonprofit advocacy during the 2026 legislative session. Of enacted laws, nearly half relate to campaign finance and ballot measure processes. The report flags a major new trend: state laws borrowing national-security concepts — foreign influence frameworks, terrorist-designation powers — and applying them to civil society organizations. Louisiana, West Virginia, Kansas, Wisconsin, Utah, New York, and Maryland all enacted relevant provisions.

Source: [Alliance for Justice — Rules of the Game: State of Advocacy \(June 24, 2026\)](#)

● San Francisco Supervisor Proposes Ordinance Requiring City-Funded Nonprofits to Register as Lobbyists and Disclose Advocacy Activities

San Francisco Supervisor Matt Dorsey is drafting an ordinance that would close a longstanding exemption allowing nonprofit officers and employees to avoid lobbyist registration and public reporting requirements when they contact City Hall officials. The proposal would require nonprofits receiving city contract or grant funding to register as lobbyists and publicly disclose their influence activities. San Francisco paid nonprofits \$1.63 billion in 2025 — up from \$809 million in 2019 — but most of those organizations currently face no formal lobbying disclosure obligation..

Source: [GrowSF Report \(June 27, 2026\)](#)

Summary

This week's Navigator underscores a sector under mounting pressure from coordinated federal and state action. OMB's proposed Uniform Guidance overhaul threatens to politicize and destabilize federal grantmaking, with a July 13 comment deadline nonprofits should not miss. Employment compliance has become a moving target, as courts, the Supreme Court, ICE, and the EEOC simultaneously reshape obligations around loan forgiveness, I-9 verification, DEI programming, and federal contracting. The IRS is intensifying enforcement through an expanded excise tax, a new whistleblower program, and a Form 990 overhaul aimed at greater transparency around government funding. Most strikingly, Florida and Indiana have activated laws empowering officials to designate nonprofits as terrorist-affiliated organizations, while the White House and state attorneys general coordinate scrutiny of specifically named nonprofits, a trend tracked nationally by the Alliance for Justice across roughly 1,000 state bills. Meanwhile, declining SNAP enrollment is straining food banks, and funding pressures are pushing storytelling and cybersecurity from optional practices to survival imperatives. Nonprofit leaders should treat this environment as requiring proactive legal review, documentation, and governance, not a wait-and-see approach.

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