
Notice to Subscribers

A Brief Summer Break

The Nonprofit Navigator News Update will not be published on August 10 or August 17 as we take a brief summer vacation and recharge our batteries. Regular LinkedIn posts will continue during the break, and we will return with the August 24 issue—refreshed and ready to continue bringing you important nonprofit news and developments.

Abstract

This August 3, 2026 edition of Navigator News Update rounds up the week's most consequential legal, regulatory, human-resources, tax, and state-level developments for nonprofit leaders. Federal courts split on grant funding, protecting 5.4 billion dollars in federal grants from cancellation over shifting agency priorities while finding EPA still defying an order to restore 2.8 billion dollars in environmental justice funding. DOJ's indictment of a major civil rights nonprofit has already frozen donor-advised fund distributions sector-wide, even without a conviction. Nonprofit employers face shifting EEOC enforcement priorities, weekly-changing TPS work-authorization deadlines, and new DOL wage-and-hour guidance. The IRS is preparing its first major Form 990 overhaul in decades even as a lawsuit challenges its donor-disclosure rules. State and local funding pressures continue in Texas, South Carolina, California, and beyond. Nonprofit leaders should use this update to prioritize grant compliance, workforce management, and funding diversification.

August 3, 2026 Navigator News Update: Including Federal Grant Funding Fights, DOJ's Nonprofit Indictment and More!

From Nonprofit Management Navigator, a DBA of PMG46, LLC

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Introduction

Welcome to the August 3, 2026 edition of Navigator News Update, your weekly roundup of the developments most likely to affect how nonprofit organizations operate, fund their missions, and manage their people. This week's update spans four areas: federal regulatory and funding news, human resources and employment law, IRS,finance, and operations developments, and state and local nonprofit news. Federal courts continued to shape the funding landscape, issuing rulings that both protect and complicate nonprofit access to federal grants, while DOJ's indictment of a prominent civil rights organization has already disrupted donor-advised fund giving well before any court has reached a verdict. On the employment side, the EEOC and DOL both advanced changes affecting reporting obligations, affirmative action guidance, and wage-and-hour compliance, even as nonprofits employing Temporary Protected Status workers navigate weekly-shifting deadlines. The IRS is signaling its most significant Form 990 overhaul in nearly two decades, and state and local governments from Texas to South Carolina to California continue to shift funding responsibilities. Each summary below includes a priority indicator and a source link so your team can quickly assess what requires immediate attention versus ongoing monitoring.

_Priority Indicators

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

🔴 Immediate Action 🟡 Requires Organizational Response 🟢 Monitor and Prepare

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Nonprofit News and Federal Regulatory Developments

📋 **Executive Summary:** Federal courts delivered mixed news for nonprofit grantees this week: one judge blocked cancellation of grants over shifting agency priorities, while another found EPA still defying an order to restore environmental justice funding. OMB's proposed grants-rule overhaul drew over 65,000 comments, and FEMA opened 300 million dollars in security grants with a deadline already passed. A new survey documents deepening financial strain sector-wide, while DOJ's indictment of a civil rights nonprofit has already chilled donor-advised fund giving.

⚡ **Key Actions for This Section:** Organizations should take the following steps to stay ahead of this section's developments:

- Confirm your state administrative agency's FEMA Nonprofit Security Grant Program deadline immediately, since FEMA's own July 24 deadline has already passed

- Review federal pass-through grant agreements for potential indirect cost recovery impacts under OMB's proposed Uniform Guidance changes
- Monitor the anticipated appeal of the ruling blocking grant cancellations over shifting agency priorities
- Prepare for renewed but time-limited disbursements under the Environmental and Climate Justice Block Grant Program ahead of its September 30 expiration
- Assess donor-advised fund exposure in light of DOJ's indictment-driven chill on charitable giving
- Use current sector-wide demand and financial-instability data to inform board budget and staffing conversations

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🟡 Federal Judge Blocks Trump Administration From Cutting Grants Over Shifting Priorities

A U.S. district judge ruled the administration cannot cancel existing federal grants simply because they no longer match newly adopted agency priorities, siding with a coalition of 21 state attorneys general. The decision protects roughly $5.4 billion in active awards but does not restore funding already cut. Nonprofits with federal grants should watch for an expected appeal.

Source: [*https://www.highereddive.com/news/trump-officials-cant-revoke-grants-due-to-new-agency-goals-judge-rules/825717/*](https://www.highereddive.com/news/trump-officials-cant-revoke-grants-due-to-new-agency-goals-judge-rules/825717/) *(published July 20, 2026)*

🟡 Judge Rules EPA Is "Defying" Order to Restore $2.8 Billion in Climate/Environmental Justice Grants

A South Carolina federal judge found EPA improperly refused to resume the Environmental and Climate Justice Block Grant Program after his own ruling had voided its cancellation as unlawful. EPA must now administer the funds through the September 30 expiration Congress set. Affected nonprofit grantees, including small community groups, should prepare for renewed but time-limited disbursements.

Source: [*https://insideclimatenews.org/news/24072026/epa-ordered-to-release-environmental-justice-funds/*](https://insideclimatenews.org/news/24072026/epa-ordered-to-release-environmental-justice-funds/) *(published July 24, 2026)*

🟡 OMB's Uniform Guidance Overhaul Advances Toward Final Rule

OMB's proposed rewrite of the federal grants rulebook (2 CFR Part 200) would give agencies broad new discretion to withhold, condition, or terminate awards, and narrows an existing cost-principle exemption for many nonprofit grantees. Comments closed July 13 with over 65,000 filed, mostly in opposition. Nonprofits receiving federal pass-through funds should review how the changes could affect indirect cost recovery and grant stability.

Source: *https://www.councilofnonprofits.org/articles/65kcomments-submitted-proposed-changes-federal-grantmaking-take-action-july-13 (published ~July 13, 2026)*

🔴 FEMA Opens $300 Million FY2026 Nonprofit Security Grant Program

FEMA released its FY2026 funding notice for the Nonprofit Security Grant Program, making $300 million available to help houses of worship, museums, community centers, and similar nonprofits harden facilities against terrorist and extremist threats. Nonprofits cannot apply directly; they must go through their state administrative agency, several of which set earlier internal deadlines than FEMA's own. Organizations should confirm their state's cutoff immediately, as FEMA's own deadline (July 24) has already passed.

Source: *https://www.feldesman.com/fema-announces-300-million-in-fy-2026-nonprofit-security-grant-program-funding/ (published July 10, 2026)*

🟢 Grants.gov Simplifies Its Navigation Menus

Grants.gov announced it will streamline its website navigation in the coming months, cutting the Applicants menu from nine links to four and consolidating Forms and System-to-System menus similarly. All existing pages remain accessible even if removed from the top menu. The change is minor but nonprofits that rely on saved Grants.gov bookmarks or staff training materials referencing the old menu structure should note the shift.

Source: *https://grantsgovprod.wordpress.com/2026/07/23/grants-gov-streamlines-navigation-for-a-smoother-user-experience/ (published July 23, 2026)*

🟢 Nonprofits Face Record Demand Amid Deepening Financial Instability

A new survey of 380 nonprofit leaders found 73% report increased demand for services since January 2025 while simultaneously facing financial instability, staffing challenges, and burnout — with 30% having already reduced staff size and 66% concerned about their organization's financial stability. The strain reflects the combined effect of federal funding reductions and rising community need. Nonprofit leaders should treat this as sector-wide context when board conversations turn to budget and staffing decisions, not an isolated experience.

Source: *https://cep.org/wp-content/uploads/2026/05/CEP_State_of_Nonprofits_2026_FNL.pdf (published May 2026)*

🟡 DOJ's Indictment of Civil Rights Nonprofit Chills Donor-Advised Fund Giving Sector-Wide

Following the DOJ's April indictment of the Southern Poverty Law Center — part of the administration's broader NSPM-7 campaign directing the FBI, DOJ, and IRS to investigate nonprofits whose viewpoints it opposes — three of the largest donor-advised fund platforms froze grant distributions to SPLC based solely on the indictment, despite no conviction and no IRS revocation of its tax-exempt status. A trial is set for October 5, 2026. Advocacy nonprofits should understand that an indictment alone, even one former DOJ officials call weak, can now cut off major giving channels well before any court ruling.

Source: https://www.justsecurity.org/141175/doj-splc-civil-rights-funders/ (published July 22, 2026)

🟢 Continuing Resolution Pushes FY2027 Funding Fight Past the Midterms

On July 21, the House passed a continuing resolution extending federal funding through December 4, 2026, by a 220–205 vote, pushing any FY2027 spending fight past the midterm elections. All twelve House FY2027 appropriations bills have cleared committee, the earliest pace since FY2020, but the Senate has not yet marked up its versions, and the chambers remain far apart on topline levels. Nonprofits dependent on federal grants and contracts should watch for a possible shutdown fight this fall.

Source: https://www.crfb.org/blogs/appropriations-watch-fy-2027 (published July 22, 2026)

Nonprofit Human Resources Developments

📋 **Executive Summary:** Employment compliance continues shifting rapidly. Nonprofits employing Temporary Protected Status workers face weekly-changing I-9 deadlines amid ongoing litigation. The EEOC voted to propose eliminating EEO-1 demographic reporting, rescinded its 40-year-old affirmative action safe harbor, and released a National Enforcement Plan shifting priorities toward DEI-labeled hiring practices, alongside a separate draft strategic plan narrowing several agency-wide priorities. Meanwhile, a federal court vacated the Education Department's PSLF employer-eligibility rule, and the DOL issued guidance on compensable travel time and proposed electronic health-plan disclosures.

⚡ **Key Actions for This Section:** Organizations should take the following steps to stay ahead of this section's developments:

- Audit I-9s for TPS-holding employees by EAD category code weekly, since work-authorization extension dates continue shifting by nationality
- Continue current EEO-1 demographic data collection until the EEOC's proposed rescission becomes final
- Have counsel review existing affirmative action plans against current case law following the EEOC's rescission of its 1979 safe harbor guidance
- Review DEI-framed hiring, internship, and fellowship program design and documentation against the EEOC's new enforcement priorities

- Continue certifying employee eligibility under the existing PSLF "qualifying employer" definition following the court's vacatur of the new rule
- Review hybrid and field-staff timekeeping policies against DOL's new compensable travel-time guidance

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🔴 Nonprofit Employers of TPS Workers Face Weekly Shifting I-9 Deadlines

Following the Supreme Court's June 25 ruling in Mullin v. Doe limiting judicial review of TPS terminations, USCIS has continued issuing rolling extensions of work-authorization dates for TPS holders from Haiti, Syria, Burma, Somalia, Ethiopia, and South Sudan, plus Yemen. As of the most recent update, employment authorization is extended through July 24 for Yemen; July 27 for Syria and Haiti; July 29 for Somalia; July 30 for Ethiopia and South Sudan; and August 3 for Burma. Nonprofits employing TPS workers must continue to audit I-9s by EAD category code (not nationality) and recheck operative dates at least weekly, as additional extensions remain likely while litigation over the underlying terminations continues in the lower courts.

Source: National Immigration Forum, "Temporary Protected Status (TPS): Fact Sheet" (updated July 28, 2026

🟢 EEOC Votes to Eliminate EEO-1 and All Related Workforce Reporting

On July 21 the EEOC voted 2-1 to propose rescinding EEO-1, EEO-3, EEO-4, EEO-5, and EEO-6 demographic reporting, along with supporting recordkeeping rules, citing constitutional concerns and compliance burden. The rule isn't final and it remains unclear whether it will affect this year's filing cycle. Nonprofits with 100+ employees should keep gathering demographic data as usual until a final rule issues, and watch for state-level reporting mandates that may fill any federal gap.

Source:
https://www.littler.com/news-analysis/asap/eeoc-proposes-rescind-all-eeo-reporting-and-recordkeeping-requirements (published July 22, 2026)

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

The EEOC voted June 29 to rescind its 1979 interpretive guidelines on voluntary affirmative action under Title VII and the related Compliance Manual section, eliminating a longstanding safe harbor employers relied on when structuring diversity-related programs. The underlying law is unchanged, but nonprofits with existing affirmative action plans should have counsel review them against current case law rather than the withdrawn guidance.

Source:
https://www.eeoc.gov/newsroom/eeoc-votes-rescind-affirmative-action-interpretive-guidelines-and-related-compliance (published June 30, 2026)

🟡 EEOC's New Enforcement Plan Shifts Focus to Intentional Discrimination, DEI Practices

The EEOC's National Enforcement Plan for FY2025-2029, released June 4, deprioritizes disparate-impact claims and instead targets practices employers label as “diversity, equity, and inclusion,” including diversity hiring panels, diversity statements, and race- or sex-based hiring goals. Nonprofit employers running DEI-framed hiring, internship, or fellowship programs should review how those programs are designed and documented, since neutral outreach and training carry less risk than programs that reserve opportunities by protected characteristic.

Source: https://www.jacksonlewis.com/insights/eeoc-releases-new-national-enforcement-plan (published June 5, 2026)

🟢 Court Vacates Education Department's PSLF Employer-Eligibility Rule

A federal judge vacated the Education Department's new PSLF rule hours before its July 1 effective date, ruling it exceeded ED's statutory authority, was arbitrary and capricious, and violated the First Amendment. The rule would have let ED disqualify nonprofit and other employers from the loan-forgiveness program for having a “substantial illegal purpose.” The prior “qualifying employer” definition remains in effect; nonprofits and their PSLF-eligible staff can continue certifying employment as before, though ED may appeal.

Source:
https://www.nasfaa.org/news-item/39289/Federal_Court_Vacates_PSLF_Final_Rule_on_Employer_Eligibility_Hours_Before_July_1_Effective_Date *(published July 1, 2026)*

🟢 EEOC Releases Draft Strategic Plan for FY2026-2030

The EEOC released a draft four-year strategic plan on July 1 (public comment closed July 19) that narrows or removes several priorities from the current plan, including around systemic enforcement metrics and the agency's own internal diversity-related workforce commitments. Unlike the National Enforcement Plan, this is the agency's overarching management blueprint required under federal law, not substantive enforcement priorities. Nonprofit employers should note this as a signal of the EEOC's operational direction through 2030, distinct from the enforcement-priority shifts described above.

Source:
https://www.shrm.org/topics-tools/employment-law-compliance/eeoc-releases-updated-draft-strategic-plan-public-comment *(published ~July 2026)*

🟡 DOL Issues Opinion Letters Clarifying Compensable Travel Time for Hybrid Employees

The Department of Labor's Wage and Hour Division issued two opinion letters (FLSA2026-9 and FLSA2026-10) clarifying when travel between home and office counts as paid work time under the FLSA. Midday travel offered as a voluntary alternative to a normal commute is generally non-compensable, but time spent on substantive tasks like coordinating with clients before departure can convert the following drive into paid time. Nonprofits with hybrid or field staff should review timekeeping policies against these two scenarios to avoid wage-and-hour exposure.

Source:
https://ogletree.com/insights-resources/blog-posts/dol-issues-two-detailed-opinion-letters-on-compensable-commute-and-travel-time/ (published July 25, 2026)

🟢 DOL Proposes Electronic-Disclosure Safe Harbor for Group Health Plans

The Department of Labor proposed a new optional safe harbor letting ERISA group health plans deliver required disclosures electronically (via website posting plus email/text notice), mirroring a safe harbor already available to retirement plans since 2020. The agency estimates it could save plans $3.9 billion over a decade in printing and mailing costs. Nonprofit employers sponsoring health plans should watch for the final rule, after which they could adopt electronic delivery while still honoring any participant's request for paper.

Source: https://www.dol.gov/newsroom/releases/ebsa/ebsa20260722 (published July 22, 2026)

IRS, Accounting and Finance Developments

📋 **Executive Summary:** Treasury signaled the first major Form 990 overhaul in nearly two decades, aiming for clearer reporting on government grants and fiscal sponsorships, even as a lawsuit seeks to end IRS donor-list collection entirely. The IRS introduced new Form 15644 for group-exemption reporting and finalized rules flagging an abusive charitable remainder annuity trust structure as a listed transaction. FASB simplified credit-loss estimates for receivables. The IRS also published its latest round of 501(c)(3) revocations, while advisors urged grant readiness over mission creep.

⚡ **Key Actions for This Section:** Organizations should take the following steps to stay ahead of this section's developments:

- Begin reviewing governance and fund-tracking documentation for government grants and fiscal sponsorship arrangements ahead of the anticipated Form 990 overhaul
- Update compliance calendars for national or federated organizations required to file the new Form 15644 for subordinate organizations
- Confirm standard charitable remainder annuity trust arrangements do not resemble the newly listed abusive transaction structur
- Decide whether to affirmatively elect ASU 2025-05's simplified credit-loss approach for receivables before fiscal year-end close
- Confirm your organization's and fiscal sponsors' good standing via the IRS Tax Exempt Organization Search

- Build cash-flow forecasting, reserve, and board-notification plans rather than pursuing loosely mission-aligned replacement funding

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🟡 Treasury and IRS Signal Major Form 990 Overhaul for Government Grants, Fiscal Sponsorships

Treasury announced plans for the IRS to revise Form 990 to require clearer reporting on government grants, contracts, and fiscal sponsorship arrangements — including who controls the funds and how they're spent. This would be the first major Form 990 change in nearly two decades. Nonprofits with government funding or fiscal sponsorship relationships should start reviewing their governance and fund-tracking documentation now, well before formal rulemaking arrives.

Source:
https://www.grantthornton.com/insights/newsletters/tax/2026/hot-topics/may-12/treasury-and-irs-signal-form-990-revisions-and-expanded-scrutiny *(published May 12, 2026)*

🟢 Conservative Nonprofit Sues IRS to End Donor-List Collection on Form 990

The National Taxpayers Union Foundation filed suit against the IRS on behalf of Young America's Foundation, arguing that requiring nonprofits to disclose donor names on Schedule B violates the First Amendment, especially after a former IRS contractor leaked confidential nonprofit tax data in 2023. The suit seeks to end Schedule B donor collection industry-wide — notably as Treasury simultaneously pushes for more Form 990 disclosure. Nonprofits should watch this case closely, as it directly counters the Form 990 transparency push above.

Source:
https://www.accountingtoday.com/news/taxpayer-group-sues-irs-over-providing-donor-lists
(published July 13, 2026)

🟡 IRS Introduces Form 15644 for Group-Ruling Updates

Central organizations holding a group tax exemption must now use new Form 15644 (rather than an informal letter) to make required annual supplemental filings about their subordinate organizations, per Rev. Proc. 2026-8. The form must be faxed 30-90 days before the close of the central organization's accounting year. National or federated nonprofits with subordinate chapters should update internal compliance calendars now to meet this new format and deadline.

Source:
https://www.grfcpa.com/resource/tax-alert-irs-introduces-new-form-15644-for-group-exemption-compliance/ *(published July 20, 2026)*

🟡 IRS Finalizes Rule Naming Certain Charitable Remainder Annuity Trust Schemes as "Listed Transactions"

Treasury and the IRS issued final regulations identifying a specific abusive Charitable Remainder Annuity Trust (CRAT) arrangement — one that funds a trust with appreciated property, sells it, and buys an annuity to improperly shelter gain — as a listed transaction requiring mandatory disclosure. Charities named only as remainder beneficiaries are not treated as participants. Nonprofits with planned-giving programs involving CRATs should confirm their standard arrangements don't resemble the flagged structure and update donor education materials accordingly.

Source: *https://www.irs.gov/newsroom/treasury-irs-issue-final-regulations-naming-certain-charitable-remainder-annuity-trust-transactions-as-listed-transactions (published July 8, 2026)*

🟡 FASB Simplifies Credit-Loss Estimates for Nonprofit Receivables

ASU 2025-05, now effective for fiscal years beginning after December 15, 2025, lets nonprofits assume that conditions at the balance-sheet date persist through a receivable's remaining life, eliminating the need for forward-looking economic forecasts on short-term receivables like program fees and government reimbursements. A companion policy election lets non-public entities also consider actual post-balance-sheet collections. Nonprofits should confirm their election and disclosures before year-end close, as this is optional and must be affirmatively adopted.

Source: https://www.eidebailly.com/insights/alerts/2026/2026-accounting-standards-updates (updated July 20, 2026)

🟢 IRS Publishes Latest Round of 501(c)(3) Status Revocations

The IRS's July 13 Internal Revenue Bulletin (2026-29) lists additional organizations whose 501(c)(3)/170(c)(2) status has been revoked for failing to meet code requirements; contributions to these organizations are no longer tax-deductible except in limited circumstances tied to a timely declaratory judgment suit. The notice is a routine but recurring reminder of the consequences of operational, filing, or qualification failures. Nonprofits should treat this as a periodic prompt to confirm their own and their fiscal sponsors' good standing via the IRS's Tax Exempt Organization Search.

Source: https://www.irs.gov/pub/irs-irbs/irb26-29.pdf (published July 13, 2026)

🟢 What Funders Wish Every Nonprofit Knew Before Seeking Grants

Strong grant proposals start with strong organizations, not great writing. Five things funders wish nonprofits understood: mission and program clarity matter more than proposal polish; genuine funder relationships built before deadlines matter; measurable outcomes matter more than activity counts; healthy infrastructure—finances, board engagement, policies—builds funder confidence; and grant readiness, cultivated months in advance, is a competitive advantage. Organizations that align these elements don't just win more grants—they grow stronger for the communities they serve.

Source: Katie LeDoux, Founder & CEO, Sunflower Grant Writers

🟡 Advisors Warn Nonprofits Against Mission Creep in Search of Replacement Funding

As federal funding disruptions persist, nonprofit financial advisors are warning organizations to build cash-flow forecasting, reserve, and board-notification plans rather than simply chasing any available new funding stream, cautioning that pursuing loosely-mission-aligned grants can pull organizations away from their core purpose. The guidance urges boards to decide in advance, and document in board minutes, how funding shortfalls will be managed. Nonprofit leaders under pressure to "follow the money" should treat mission alignment as a required screen for new funding, not an afterthought.

Source: https://www.brymar.cpa/post/insights-nonprofit-financial-resilience-2026 (published May 25, 2026)

State Nonprofit News Developments

📋 **Executive Summary:** State and local nonprofit funding remains in flux. A ruling is expected imminently in the challenge to Medicaid's "medically frail" work-requirement exemption, ahead of an August 31 deadline. San Antonio's mayor is asking businesses and foundations to replace city funding for 15 nonprofits, while Austin's contract portfolio faces $16.8 million more in cuts. South Carolina resolved its budget stalemate by deferring earmarks to committee. California advanced a bill easing nonprofit contracting, Maryland raised its audit thresholds, and San Francisco restored most, but not all, proposed cuts.

⚡ **Key Actions for This Section:** Organizations should take the following steps to stay ahead of this section's developments:

- Watch for the imminent ruling on the Medicaid "medically frail" work-requirement injunction ahead of the August 31 recipient-notification deadline
- Begin cultivating alternative private funders now if reliant on San Antonio city funding, and plan for reduced city support if reliant on Austin's social-service contract portfolio
- Do not assume earmarked South Carolina state funding is included in the base budget; watch the fall legislative committee process
- Confirm your specific San Francisco-funded program's status individually rather than assuming full restoration of cut funding
- Track California's SB 1240 and Illinois' "public body" FOIA bill as pending, not yet enacted, legislation
- Recognize Connecticut's emergency reserve draws as bridge funding rather than a permanent funding solution

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🟡 Medicaid “Medically Frail” Injunction Hearing Held; Ruling Expected Imminently

The federal judge overseeing the 25-state-plus-D.C. lawsuit against CMS's narrowed Medicaid work-requirement exemption for “medically frail” individuals held the scheduled hearing on the states' motion for a preliminary injunction on July 28. A ruling on whether the rule's implementation will be paused is expected within days. Health and human-service nonprofits should watch for the court's decision in the coming days, since it will determine whether the challenged eligibility standard takes effect while litigation continues, ahead of the August 31 deadline for states to notify Medicaid recipients of the changes.

Source: [Georgetown University Center for Children and Families, “Medicaid Work Reporting Requirements: States Ask a Federal Court to Protect Medically Frail Individuals from CMS Overreach”](#) (published July 2, 2026; hearing held as scheduled on July 28, 2026)

🟢 Illinois Gubernatorial Campaign Revives Bill to Treat State-Funded Nonprofits as “Public Bodies”

A Republican gubernatorial campaign is backing stalled legislation that would subject any Illinois nonprofit receiving $10,000 or 20% of its funding from the state to FOIA and Open Meetings Act requirements. The bill hasn't advanced past committee, and opponents say it could be cost-prohibitive for small nonprofits. Illinois nonprofits with state grants should track the bill's status as an election-season issue, not yet enacted law.

Source:
https://www.nprillinois.org/illinois/2026-07-21/bailey-seeks-to-classify-any-organization-receiving-10k-in-state-grants-as-a-public-body (published July 21, 2026)

🟡 San Antonio Mayor Asks Business and Philanthropic Leaders to Replace City Funding for 15 Nonprofits

Facing a $158 million budget gap, San Antonio's mayor sent letters asking businesses and foundations to commit three years of funding matching what the city currently gives 15 organizations, including the Botanical Garden and Book Festival, with responses due by August 21. The move reflects a broader shift of community-service costs from government to private donors. Affected nonprofits should begin cultivating alternative funders now rather than assuming city support continues into FY2027.

Source:
https://foxsanantonio.com/newsletter-daily/mayor-gina-ortiz-jones-seeks-3-year-private-funding-pledges-amid-158m-budget-gap (published July 24, 2026)

🟡 South Carolina Budget Stalemate Resolved; Earmarks Deferred to Special Committee

South Carolina budget negotiators reached a compromise on July 22, ending a three-week impasse that had left the state operating on a continuing resolution at last year's funding levels since July 1. Rather than resolve the roughly $430 million in combined House and Senate earmark requests, negotiators agreed to strip all earmarks from the budget and refer them to a new legislative committee, which is to issue funding recommendations in a separate bill by the end of September. The deal also includes a scaled-back property-tax exemption for seniors and funding to cover cost overruns tied to the Scout Motors manufacturing project, and it still requires votes by the full House and Senate before going to the governor. Nonprofits that had been expecting earmarked state funding should not assume it is included in the base budget and should instead watch the fall committee process for a final funding decision.

Source: SC Daily Gazette, "SC budget deal gives homeowners smaller break, postpones decisions on local projects" (published July 23, 2026)

🟢 California Advances Bill Creating Office of Nonprofit Empowerment

SB 1240, which would create a state Office of Nonprofit Empowerment to streamline grantmaking, promote advance payments, and reduce contracting hurdles for nonprofits, passed the Senate floor unanimously and now moves to the Assembly. It responds to a Little Hoover Commission report finding reimbursement delays force nonprofits to tap credit lines or cut services. California nonprofits should watch for Assembly action before year-end.

Source: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260SB1240 (bill status, current as of session)

🟡 San Francisco Restores $28.5 Million in Nonprofit and Safety-Net Funding

San Francisco's Board of Supervisors budget committee restored $28.5 million in funding mostly destined for nonprofit-run programs — including HIV prevention, senior services, and youth internships — reversing many (but not all) proposed cuts in a deficit year. Some programs, including a small-business legal aid program, still lost funding entirely. Affected nonprofits should confirm their specific program's status individually rather than assuming full restoration.

Source: https://www.sfexaminer.com/news/politics/sf-supes-restore-285-million-for-city-services-to-budget/article_39257dd6-f462-43c1-bed5-becee54f72e4.html (published June 2026)

🟢 Connecticut Continues Drawing Down $500 Million Emergency Fund for Nonprofit Providers

Connecticut has made multiple draws from its $500 million Emergency State Response Reserve to backfill federal cuts affecting nonprofit providers, including a $5 million release in May for homeless-service organizations facing Continuum of Care delays. Providers should recognize this is bridge funding, not a permanent fix, as roughly $300+ million of the reserve remains for future needs.

Source: *https://www.ctpublic.org/news/2026-05-15/ct-boosts-homeless-services-with-5-million-in-emergency-funding (published May 15, 2026)*

🟢 Maryland Raises Charitable Audit and Review Thresholds

Maryland's SB354, signed into law May 12, raises the revenue threshold requiring an independent audit from $750,000 to $1 million and the review threshold from $300,000 to $500,000, aligning the state with federal Single Audit standards. This should meaningfully reduce compliance costs for small and midsized Maryland nonprofits.

Source: https://legiscan.com/MD/bill/SB354/2026 (enacted May 12, 2026)

🟢 California Extends Charitable Registration Filing Relief Through August 31, 2026

California's Registry of Charities and Fundraisers extended its blanket filing-deadline relief (covering Form RRF-1, CT-TR-1, and IRS Form 990 filings) to August 31, 2026, ahead of a new online filing system rollout. Relief is automatic — no request needed. Organizations with delinquent-seeming filings should confirm they fall within the covered window before assuming penalties apply.

Source: https://www.oag.ca.gov/charities/renewals (California Attorney General's official charities page)

🟡 Austin Nonprofits Brace for Additional $16.8 Million in Social-Service Contract Cuts

Following $5.2 million in cuts already made this fiscal year, Austin's proposed FY2027 budget anticipates up to $16.8 million more in reductions to its $74.2 million social-service contract portfolio, with the cuts likely spread across two budget cycles. Nonprofits like the Literacy Coalition of Central Texas and El Buen Samaritano, which rely on city contracts for up to 30% of operations, should plan for reduced city support.

Source: *https://www.axios.com/local/austin/2026/07/13/social-service-nonprofits-austin-budget-cuts (published July 13, 2026)*

🟢 House Appropriations Committee Rejects Proposal to Eliminate AmeriCorps

While the administration's FY2027 “skinny” budget, released April 3, again proposed eliminating AmeriCorps entirely, the House Appropriations Committee's FY2027 Labor-HHS-Education bill, approved June 9 on a 34-28 vote, rejects that proposal and instead funds AmeriCorps State and National grants at $552.1 million, a $5 million decrease from FY2026. The bill has not yet been taken up by the full House or the Senate, so the program's ultimate funding level remains unresolved until a final FY2027 appropriations measure is enacted. State service commissions that administer AmeriCorps subgrants to local nonprofits should note that congressional appropriators, not only the administration's proposal, will determine the program's fate, and should continue monitoring both chambers as the FY2027 process moves forward.

Source: [Afterschool Alliance, “FY27 education spending bill passes House subcommittee, maintains afterschool funding”](#) (updated June 10, 2026)

Summary

This week's Navigator News Update reflects a nonprofit sector navigating simultaneous pressure from courts, regulators, and funders. Federal judges delivered mixed rulings on grant funding, protecting some awards from cancellation while finding continued agency resistance to restoring other funds, and DOJ's indictment of a major civil rights nonprofit has chilled donor-advised fund giving sector-wide despite no conviction. FEMA opened a 300 million dollar security grant program with deadlines already passing for some applicants, while Congress punted FY2027 funding decisions past the midterms. On the employment front, the EEOC and DOL advanced multiple changes to reporting, affirmative action, and wage-and-hour guidance, even as nonprofits employing TPS workers manage weekly-shifting compliance deadlines and a court vacated a rule that would have jeopardized nonprofit employees' PSLF eligibility. The IRS is preparing its first major Form 990 overhaul in nearly two decades while facing a lawsuit over donor-disclosure requirements, and FASB simplified receivable accounting for nonprofits. State and local governments continue shifting funding burdens onto nonprofits and private donors, from Texas and South Carolina to California, even as jurisdictions like Maryland and San Francisco offered some relief. Leaders should treat this week's developments as a call for proactive compliance review and funding diversification.

About Nonprofit Management Navigator

[Nonprofit Management Navigator](#) is a trade name of PMG46, LLC doing business as Nonprofit Management Navigator. Nonprofit Management Navigator provides this complimentary weekly subscription service designed for nonprofit leaders. This essential resource provides curated news updates on the legal, regulatory, and operational developments impacting organizations, saving executives time while keeping them informed about the important changes directly impacting their organizations. In addition to timely news, Nonprofit Management Navigator also offers in-depth reports and practical management guidance to help leaders navigate an increasingly unpredictable operating environment. What makes Nonprofit Management Navigator particularly valuable is its commitment to accessibility—the entire service is available as a complimentary subscription, ensuring critical operational intelligence reaches nonprofit leaders regardless of budget limitations during these chaotic regulatory times.

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