

Abstract

This October 26 update examines federal grant uncertainty, including the December 11 deadline for the OMB grant-rule pause and the November 2 Census comment deadline. It also covers government funding disruptions, federal court decisions and changes in Medicaid volunteering requirements. Workforce coverage addresses hiring guidance, immigration authorization and retirement-plan litigation. Tax and finance developments include the new charitable deduction for nonitemizers, proposed exemption rules for private schools, and upcoming scholarship tax-credit regulations. State reports address grant funding, disability services, charitable beneficiaries, public revenue measures and legal-aid litigation.

October 26, 2026 Navigator News Update: Including OMB Grant Rule Day of Action, Census Count Proposal Risks, PSLF Ruling Appeal, and More!

From Nonprofit Management Navigator, a DBA of PMG46, LLC

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Introduction

This week's Navigator brings together federal, human resources, tax and state developments relevant to nonprofit leadership. Key near-term dates include October 30 for Georgia victim-services continuation applications, November 2 for comments on proposed Census changes, November 3 for comments on private-school exemption rules, and November 10 for a nonprofit advocacy day concerning federal grant rules. The report also describes actions by agencies and courts affecting federal assistance, emerging employment compliance questions and new tax-related requirements and proposals. State coverage highlights funding opportunities, proposed program changes, enacted legislation, ballot measures and litigation. The priority indicators below are editorial assessments based on the urgency and operational implications described in the supplied summaries; each organization should assess which developments apply to its programs.

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 grant administration and funding remain unsettled. The OMB grant-rule pause is scheduled to expire December 11, while courts and GAO have addressed restrictions on agency grants. Proposed Census changes have a November 2 comment deadline, and Medicaid community-engagement requirements are scheduled for January 1. New survey findings describe funding disruptions among publicly funded charities. Other developments affect fair housing, disability services, energy assistance, banking access, refugee resettlement and public-service loan forgiveness.

Key Actions for This Section:

- Review the December 11 OMB grant-rule deadline and consider the November 10 advocacy opportunity.
- Consider submitting comments on the Census proposal by November 2.
- Review Medicaid community-engagement documentation if operating a qualifying volunteer program.
- Assess grant funding interruptions and related staffing or reserve pressures.
- Track the litigation and agency decisions affecting relevant federal awards.
- Review the implications of LIHEAP funding and refugee admissions for affected programs.

OMB Grant Rule Pause Expires Dec. 11; Nonprofits Plan Nov. 10 Day of Action

Congress's September stopgap only delays OMB's proposed overhaul of the rules governing federal grants until December 11, 2026. Unless lawmakers extend or make the block permanent in the post-election session, OMB could move to finalize changes that drew nearly 500,000 public comments, most of them opposed.

Nonprofits holding federal awards or subawards have a narrow window to be heard. Advocates are asking organizations to contact members of Congress and post on social media during a November 10 day of action.

Source: [National Council of Nonprofits, "Take Action"](#)

Education Department Appeals Rulings That Struck Down PSLF Employer Rule

On August 27, the Education Department appealed both June 30 decisions vacating its rule narrowing which employers qualify for Public Service Loan Forgiveness. The National Council of Nonprofits case goes to the First Circuit; the Robert F. Kennedy Center case goes to the D.C. Circuit.

The Massachusetts court had found the rule unlawful, arbitrary and capricious, and a First Amendment violation.

Source: [CAPPS, Aug. 28, 2026](#)

Census Comments Due Nov. 2 on Proposed 2030 Count Changes

A Census Bureau proposal published September 10 would count only U.S. citizens and lawful permanent residents in the 2030 Census, excluding visa holders, DACA recipients, TPS holders and asylum applicants, and would bar race, ethnicity and sexual-orientation questions. The comment deadline was extended from October 13 to November 2.

The National Council of Nonprofits warns millions could be left out, affecting representation and federal funding, and offers a comment guide and sign-on letter.

Source: [National Council of Nonprofits, Sept. 10, 2026](#); [National Association of Counties, Census Advocacy Hub](#); [National Council of Nonprofits, Nonprofit Champion, Oct. 5, 2026](#)

Medicaid Work Requirements Start Jan. 1; Structured Nonprofit Volunteering Counts

A CMS interim final rule issued June 1 requires states to implement Medicaid community engagement requirements by January 1, 2027. Adults must show 80 hours a month of work, community service, education or qualifying income. Volunteering counts only if unpaid, nonpartisan, documented and part of a structured program run by a public or nonprofit organization.

The governors of Oregon, California, Maine, New Mexico and Virginia have asked HHS to delay the deadline until states are ready.

Source: [Polsinelli, “CMS Imposes Medicaid Community Engagement Rule”](#); [Healthcare Finance News, Oct. 5, 2026](#)

Urban Institute: Government Funding Disruptions Hit Nearly Half of Publicly Funded Charities

New Urban Institute survey data show almost half of charities receiving public money had at least one funding disruption in 2025. Small groups took the deepest relative hit: disrupted charities spending \$50,000–\$99,000 lost a median 28% of their budgets.

More than half of disrupted charities cut staff, and many borrowed or tapped reserves. The share of nonprofits planning to hire within a year has slid to 38%, signaling prolonged strain for organizations that depend on government revenue.

Source: [The Chronicle of Philanthropy, Oct. 19, 2026](#)

GAO: EPA and HHS Illegally Withheld Grant Funds

In two October 7 decisions, GAO found that EPA violated the Impoundment Control Act by pausing, then terminating, nearly all Community Change Grants—more than \$1.5 billion in obligations—and that HHS illegally withheld Agency for Healthcare Research and Quality funds after a reduction in force, leaving more than \$78 million unobligated. GAO said elective staff cuts were no excuse.

GAO did not rule on constitutional or Administrative Procedure Act claims, which remain in litigation, so grantees rely on courts for recovery.

Source: [U.S. Government Accountability Office, B-337485 \(EPA\)](#); [U.S. Government Accountability Office, B-337872 \(HHS/AHRQ\)](#)

Fourth Circuit Lets Grantees Challenge Funding Terms in District Court

In a split October 15 ruling, the Fourth Circuit held that the Arlington and Fairfax County school boards’ suits challenging the Education Department’s shift to reimbursement-only payments, tied to transgender student policies, belong in federal district court, not the Court of Federal Claims, because the claims were not contractual at their essence.

The court left unresolved where challenges to outright grant terminations belong, and attorneys say the Supreme Court may need to revisit the question.

Source: [Bloomberg Government, Oct. 19, 2026](#)

OCC Finds Nine Largest Banks Debanked Customers Over Political and Religious Views

An October 14 OCC review of the nine largest national banks it supervises, covering 2020 through September 2025, found vague reputation-risk policies disadvantaged some customers based on political, religious or social views. Alliance Defending Freedom cited Bank of America's closure of faith-based nonprofit Indigenous Advance's accounts, which it says delayed paychecks for Ugandan staff.

Comptroller Jonathan Gould said he is not confident banks' own changes will be enough, and the OCC will assess further regulatory and supervisory changes.

Source: [Office of the Comptroller of the Currency, News Release 2026-90, Oct. 14, 2026](#); [Religion Unplugged \(Baptist Press\), Oct. 16, 2026](#)



Court Strips "Integration" Language From Section 504 Rules After DOJ Reversal

In *Texas v. Kennedy*, a federal judge vacated HHS rules under Section 504 of the Rehabilitation Act requiring federally funded programs to serve people with disabilities in the most integrated setting, after the Justice Department stopped defending them and sided with the challenging states.

ADA and Olmstead protections still stand, but advocates question whether community-living rights will be enforced in practice. With states under federal pressure to cut Medicaid spending, advocates worry community programs could be cut.

Source: [NPR via Oregon Public Broadcasting, Oct. 1, 2026](#)



HHS Releases \$3.6 Billion in FY 2027 LIHEAP Funds Early

HHS released \$3.6 billion in Low Income Home Energy Assistance Program funds for fiscal 2027—90% of the annualized amount under the current continuing resolution—so local community action agencies can deliver winter heating relief sooner.

The stopgap law did not require early release; funds otherwise would have arrived month by month. If HHS operates under a continuing resolution all year, the remaining 10% becomes the next hurdle for agencies planning winter caseloads.

Source: [American Public Power Association, Oct. 13, 2026](#)



First Circuit Keeps Most of Block on HUD's Fair Housing Grant Overhaul

The First Circuit refused to lift most of a lower-court order blocking HUD's plan to steer about \$46 million of the \$56 million Fair Housing Initiatives Program into five grants, including \$25 million for a law school. The court lifted only a requirement to reissue fiscal 2025 funding notices.

More than 100 nonprofit fair housing groups had faced losing access to the program; smaller organizations with limited unrestricted reserves face greater risk.

Source: [Black Vanguard Media, Oct. 20, 2026](#)



FY 2027 Refugee Ceiling Set at 17,500, Mostly for Afrikaners

The administration set the fiscal 2027 refugee admissions cap at 17,500, directing slots primarily to Afrikaners from South Africa and allocating none to refugees fleeing danger elsewhere. The 2025 suspension of general refugee admissions and related travel bans remain in effect.

For resettlement agencies and the community nonprofits that support them, the narrow allocation means continued limits on arrivals, caseloads, and program funding. The International Rescue Committee is calling for full restoration of the refugee program.

Source: [International Rescue Committee, Oct. 1, 2026](#)

Nonprofit Human Resources Developments

 **Executive Summary:** Workforce compliance developments involve hiring rules, immigration authorization and employee litigation. The EEOC has advanced rescissions involving criminal-history guidance and longstanding employee-selection guidelines. A USCIS rule affects automatic work-permit extensions, while another proposal concerns deference to prior immigration approvals. Employers also face uncertainty from litigation involving H-1B fees, Title IX claims by employees and ERISA fiduciary-breach lawsuits. These developments warrant attention to hiring practices, authorization dates, sponsored-worker planning and retirement-plan administration.

Key Actions for This Section:

- Review employee-selection tools and criminal-history screening in light of the pending EEOC rescissions.
- Track employment authorization expiration dates and applicable I-9 procedures.
- Review sponsored-worker extension plans and the November 13 USCIS comment deadline.
- Monitor ongoing H-1B fee litigation when budgeting for international hires.
- Follow the November 30 Title IX arguments if operating an educational institution.
- Review retirement-plan fiduciary practices in light of the Eleventh Circuit decision.

EEOC Moves to Rescind Arrest and Conviction Records Guidance

On October 6, OMB received an EEOC draft final rule rescinding the agency's 2012 guidance on employers' use of arrest and conviction records, which weighed offense gravity, time elapsed and job nature to judge business necessity. The rescission would take effect on publication; no timeline is set.

EEOC staff were reportedly told in 2025 not to pursue disparate-impact cases. Disparate-treatment violations remain actionable, and private plaintiffs can still bring disparate-impact claims under Title VII and many state laws.

Source: [Littler, Oct. 7, 2026](#)

EEOC Sends Rule Scrapping 1978 Employee Selection Guidelines to White House

On October 16 the EEOC sent the White House regulatory office a final rule rescinding the 1978 Uniform Guidelines on Employee Selection Procedures, which have long shaped how employers judge whether hiring tests and other selection practices comply with Title VII.

The move tracks the administration's rejection of disparate-impact liability. Nonprofits that relied on the guidelines to validate assessments and screening tools face an unsettled compliance landscape once the rescission takes effect.

Source: [Bloomberg Law, Oct. 19, 2026](#)

USCIS Permanently Ends Automatic Work-Permit Extensions

A final rule, effective immediately, ends automatic extensions of up to 540 days for many work-permit renewals filed on or after October 30, 2025, covering asylum applicants, refugees, H-4 spouses and adjustment applicants. E and L spouses and STEM OPT students are not affected.

Employees may have to stop working when cards expire if renewals are still pending. Employers should track expiration dates, confirm I-9 procedures account for authorization gaps, and plan for possible staffing disruptions.

Source: [Mintz, Oct. 15, 2026](#)



Supreme Court to Hear Title IX Employee-Lawsuit Case Nov. 30

In *Crowther v. Board of Regents*, the Court will decide whether Title IX gives employees of federally funded schools a private right to sue for sex discrimination in employment. Argument is set for November 30. The United States filed an amicus brief August 24 supporting the Georgia university system's Board of Regents. The ruling will determine whether nonprofit colleges and other federally funded education employers can face Title IX claims from staff on top of Title VII exposure.

Source: [SCOTUSblog, case page](#)



Eleventh Circuit Drops ERISA Exhaustion Requirement for Fiduciary-Breach Suits

Sitting en banc on October 13, the Eleventh Circuit overruled precedent requiring plan participants to exhaust internal claims procedures before suing for fiduciary breach or prohibited transactions, aligning with other circuits. The court said the old requirement lacked any basis in the statute's text.

Nonprofit sponsors of ERISA-covered retirement plans in the Eleventh Circuit may now face federal lawsuits on statutory claims without participants first using plan procedures. The ruling did not address exhaustion for benefit-denial claims.

Source: [WilmerHale, Oct. 15, 2026](#)



\$100,000 H-1B Fee Stays Blocked as Government Appeals

A California federal judge on September 30 barred USCIS and CBP from enforcing the \$100,000 H-1B fee policies, including a 2026 extension running through September 2027, finding DHS likely skipped required notice-and-comment rulemaking. The government appealed to the Ninth Circuit on October 9 and sought a stay; a separate Massachusetts ruling also blocks the fee.

Plaintiffs include unions, a professors' association and a church. Nonprofit employers hiring H-1B workers face continued cost uncertainty pending appeal.

Source: [VisaVerge, Oct. 12, 2026](#)



USCIS Proposes Ending Deference to Prior Approvals in Extensions; Comments Due Nov. 13

A proposed rule published October 14 would end USCIS's general practice of deferring to an earlier approval when deciding a request to extend a petition for a person's employment or stay based on the same facts. The proposal would amend 8 CFR Part 214. Comments are due November 13.

Employers sponsoring foreign workers could face a full re-review at every extension, adding uncertainty to staffing plans for their sponsored foreign employees.

Source: [American Immigration Lawyers Association, Oct. 2026](#)

IRS, Accounting and Finance Developments

 **Executive Summary:** Tax and financial developments include a charitable deduction for nonitemizers beginning with 2026 gifts, prospective guidance for donor-advised funds and executive compensation, and proposed rules involving schools and scholarship organizations. A Tax Court ruling highlights the consequences of an uncorrected insider loan. New travel per diem rates apply, while the AICPA has raised concerns about bank data on public-inspection returns. Other developments cover nonprofit appeal rights, political speech, donor-advised fund grant restrictions and charitable funding of Trump Accounts.

Key Actions for This Section:

- Check year-end donor acknowledgments for eligible cash contributions.
- Review insider transactions and documentation in light of the Tax Court decision.
- Update travel reimbursement practices for the new per diem rates.
- Consider the November 3 deadline for comments on proposed private-school exemption rules.
- Monitor scholarship tax-credit regulations and the December 1 comment deadline.
- Follow upcoming Treasury guidance affecting donor-advised funds, compensation and endowments.

Nonitemizer Charitable Deduction Applies to 2026 Gifts

Starting with 2026 returns, taxpayers taking the standard deduction may deduct up to \$1,000 (\$2,000 joint) in cash gifts to qualifying public charities. Gifts to donor-advised funds, supporting organizations or individuals do not count, nor do non-cash items such as clothing. Credit card gifts count as cash.

Donors still need a contemporaneous written acknowledgment from the charity, so receipting practices for small cash gifts take on new importance during year-end appeals.

Source: [National Association of Tax Professionals, Sept. 24, 2026](#)

Priority Guidance Plan Flags DAF, Executive-Pay and Endowment-Tax Rules

Treasury's 2026–2027 Priority Guidance Plan, released September 29, lists guidance on certain donor-advised fund arrangements with new reporting, regulations for the expanded excess-compensation tax and the new tiered college endowment tax, plus fiscal sponsorship reporting, group exemptions and Johnson Amendment guidance. Expenditure-responsibility rules are slated for deregulation.

No deadlines are set, but these items could reshape reporting and compensation planning for fund sponsors, charities and universities, requiring close monitoring over the coming year.

Source: [ArentFox Schiff, Oct. 7, 2026](#)

Senate-Passed TAS Act Would Codify Appeal Rights for Exemption Denials and Revocations

The Senate unanimously passed the Taxpayer Assistance and Service Act on September 30. A Lankford-Warnock amendment would write into law a nonprofit's right to an administrative appeal when the IRS denies an exemption application or revokes existing status.

The amendment would codify the IRS's general practice of giving notice of appeal rights. No House votes were scheduled before the midterms; leaders may try passing it under suspension, requiring two-thirds support, during the lame-duck session.

Source: [Accounting Today, Oct. 15, 2026](#)

Justice Department Urges Fifth Circuit to Revisit Church Political-Speech Deal

In a September 21 brief in *National Religious Broadcasters v. Bessent*, the Justice Department argued a district judge overlooked an Anti-Injunction Act exception when he refused in March to approve a consent judgment. Under it, the IRS would not revoke exemption when religious leaders endorse candidates to their congregations.

DOJ said enforcement against that speech would conflict with church autonomy. In July, two House members' amicus brief called the Johnson Amendment unconstitutional.

Source: [Thomson Reuters Checkpoint, July 17, 2026](#)

50,000-Signature Petition Presses Fidelity Charitable to Unblock SPLC Grants

Color of Change and allied groups delivered a petition with more than 50,000 signatures urging Fidelity Charitable to lift its block on donor-advised fund grants to the Southern Poverty Law Center, which faces federal charges with trial set for February.

It also asks Fidelity to allow grants to charities that keep IRS exemption while charged but not convicted, give notice before eligibility changes, and disclose blocks to donors. DAFgiving360, Vanguard Charitable and Benevity have also blocked SPLC gifts.

Source: [The Chronicle of Philanthropy, Oct. 16, 2026](#)

Tax Court Imposes \$1.3 Million in Excess-Benefit Taxes on Charity Founder

In *Jagannath v. Commissioner*, the Tax Court upheld more than \$1.3 million in Section 4958 taxes against the founder of a Tennessee charity after \$590,000 was withdrawn under a zero-interest note he signed as both lender and borrower. Because the transaction was never corrected, the 200% second-tier tax applied.

The court relied on the charity's Forms 990 and rejected uncorroborated testimony, underscoring the danger of poorly documented insider loans. The court also sustained penalties for failing to file Form 4720.

Source: [Current Federal Tax Developments, Sept. 24, 2026](#)

New 2026–2027 Per Diem Rates Take Effect for Travel Reimbursement

Under Notice 2026-60, effective October 1, the high-low per diem is \$329 for high-cost localities and \$230 elsewhere in the continental U.S., with meal-and-incidental portions of \$86 and \$74. Tucson, San Mateo, Albuquerque and Cody joined the high-cost list, and Panama City was removed. Transportation-industry meals and incidentals are \$80 per day within the continental U.S.

Nonprofits reimbursing staff travel under accountable plans must update policies and expense systems, using transition rules for the rest of 2026.

Source: [Internal Revenue Service, Notice 2026-60](#)

AICPA Asks IRS to Keep Form 8050 Bank Data Off Public-Inspection Copies

New Form 8050 lets tax-exempt organizations receive refunds by direct deposit under Executive Order 14247 on modernizing federal payments. Because exempt organizations must make returns such as Forms 990-T and 990-PF available for public inspection, the AICPA warns attached bank details could be exposed.

In its letter, the AICPA asked the IRS to modify Form 8050 and its instructions to state that the form is not included in public-inspection copies of returns.

Source: [CPA Practice Advisor, Oct. 13, 2026](#)

Comments Due Nov. 3 on Rules Revoking Exemptions of Private Schools With Race-Based Policies

Proposed Treasury regulations would deny 501(c)(3) status to private schools, colleges and universities that adopt, maintain or enforce policies discriminating based on race, color, or national or ethnic origin, regardless of purpose, eliminating current exceptions for remedial or diversity policies. Comments are due November 3.

If finalized, the rules would apply to tax years beginning after May 31, 2027. Schools may need new criteria for race-based scholarships, including donor-restricted funds, and to revisit past DEI assessments.

Source: [McDermott Will & Schulte, Sept. 25, 2026](#)

Treasury Issues Rules for New Scholarship Tax Credit Starting 2027

Temporary and proposed regulations implement the Section 25F credit, worth up to \$1,700 per taxpayer for gifts to scholarship granting organizations made on or after January 1, 2027. SGOs must be 501(c)(3) public charities in states that opt in—30 as of September 14—keep segregated accounts and register on an IRS portal.

Comments are due December 1, with a hearing December 15. States must elect by January 1, leaving participating charities tight deadlines.

Source: [Holland & Knight, Oct. 6, 2026](#)

Charities May Fund Trump Accounts for Broad Classes of Children

Temporary regulations effective September 30 let 501(c)(3) organizations, governments and tribes seek Treasury approval to make equal Trump Account contributions for every child in a qualified class, generally at least 5,000 beneficiaries defined by geography and birth year. Gifts directed to particular children do not qualify.

Donations to a charity funding such contributions may be deductible, and charities may fund directly or through donor-advised funds. Comments are due November 30.

Source: [Fennemore, “Treasury Issues Temporary Regulations on Trump Accounts and Contributions”; Sullivan & Cromwell, Oct. 8, 2026](#)

State Nonprofit News Developments

 **Executive Summary:** State developments include November ballot measures in Colorado and California with implications for public revenue and research funding. Nebraska is reviewing its nonprofit funding and oversight arrangements. California has enacted beneficiary-notification requirements affecting gifts through financial accounts. Georgia victim-services organizations face reduced federal awards and an October 30 application deadline. Washington proposes eligibility changes for disability programs, Kentucky has opened opioid-settlement grant applications, and North Carolina legal aid organizations are challenging the redirection of IOLTA funds.

Key Actions for This Section:

- Monitor Colorado and California ballot outcomes where relevant to organizational programs or funding.
- Follow Nebraska's study of state grants and contracts awarded to nonprofits.

- Prepare for California's January 1 beneficiary-notification law if receiving account-based gifts.
- Review Georgia victim-services continuation applications ahead of October 30.
- Track Washington's disability-eligibility proposal and its budget implications.
- Consider Kentucky's December 17 opioid-abatement application deadline and follow the North Carolina IOLTA litigation.

Colorado: Voters Weigh Rival Income-Tax Measures, Amendment 87 and Proposition 136

On November 3, Coloradans decide Amendment 87, which would replace the flat 4.4% income tax with graduated rates up to 8.4% and raise about \$2 billion in 2028 outside TABOR refund limits, and Proposition 136, a 4.4% cap designed to block it.

Backers say new revenue would fund education, health care and early childhood programs that nonprofits help deliver. If both pass, lawmakers or courts may need to resolve the conflict.

Source: [Chalkbeat Colorado, Oct. 1, 2026](#)

Nebraska: Legislature Reviews State Funding of Nonprofits Under LR 475

The Appropriations Committee held an invited-testimony hearing October 9 on LR 475, an interim study of state money flowing to 501(c)(3) organizations. The study will catalog recipients, funding sources, amounts, qualification standards, allowable uses, oversight, traceability and return on investment.

Ten senators sponsored the resolution. The committee will report findings and recommendations to the Legislature, which could shape new transparency or reporting requirements for Nebraska nonprofits receiving state grants and contracts.

Source: [Nebraska Legislature, 2026 Interim Study Hearings](#); [Nebraska Legislature, LR 475 text](#)

California: New Law Requires Banks to Notify Charity Beneficiaries, Effective Jan. 1

SB 1288, signed by Gov. Newsom, requires financial institutions to notify named beneficiaries within 60 days of receiving proof of an account holder's death, bars requiring beneficiaries to open accounts, and lets each beneficiary collect its share independently. Banks must also standardize identity documentation for nonprofits. The law takes effect January 1, 2027.

Charities named on payable-on-death accounts should gain faster access to gifts but will need processes to respond promptly to notices.

Source: [Office of California State Sen. John Laird, Sept. 28, 2026](#)

Georgia: Victim-Services Awards Drop More Than 60%; Continuation Applications Due Oct. 30

Georgia's Criminal Justice Coordinating Council says federal VOCA awards have fallen more than 60% because of low Crime Victims Fund deposits. Current grantees must file continuation applications by October 30 for October 2026–September 2027, with no increases beyond a one-time reserve supplement.

Savannah's SAFE Shelter, near capacity for over a year, has already scaled back services, and Mary's Place Sexual Assault Center served more than 700 survivors last year, showing the pressure on domestic violence and sexual assault programs.

Source: [WTOC, Oct. 13, 2026](#)

Washington: Proposed Disability-Eligibility Cut Threatens Services for 2,655 People

DSHS proposed tightening eligibility for developmental disability services in its 2027–29 budget request, requiring greater need for help with daily activities. The change would end Medicaid eligibility for an estimated 2,655 residents, saving \$13.3 million, and some could lose housing tied to services.

The Arc of Washington warns people may shift to costlier settings. Provider nonprofits await the governor's December budget amid a projected multibillion-dollar shortfall. Lawmakers rejected a similar idea for the current fiscal year.

Source: [Washington State Standard, Oct. 7, 2026](#)



Kentucky: Opioid Abatement Grant Applications Open Through Dec. 17

Attorney General Russell Coleman's office announced the Opioid Abatement Advisory Commission is accepting applications in two categories, prevention and treatment/recovery, through December 17 at 6 p.m. The commission awarded nearly \$34 million in grants last year. Applications are available on the commission's website, kyoaac.ky.gov/funding.

Settlement-funded grants are a key resource for Kentucky nonprofits addressing substance use, and the roughly eight-week window gives community organizations limited time to assemble competitive proposals.

Source: [WKYT, Oct. 19, 2026](#)



California: Proposition 38 Would Finance \$8.4 Billion in Medical Research

Proposition 38 would authorize \$8.4 billion in bonds for immunology and immunotherapy research. Half would go to one UC-affiliated nonprofit institute and the rest to grants for selected public universities and nonprofits. Philanthropist Gary Michelson sponsored the measure. Repayment would cost the state \$500–600 million a year for about 20 years.

Supporters cite federal research cuts; opponents question steering half the money to one nonprofit. Research nonprofits could gain a significant new state funding stream.

Source: [CalMatters, 2026 Voter Guide](#)



North Carolina: Legal Aid Groups Sue Over Redirected IOLTA Funds

Charlotte Center for Legal Advocacy, Pisgah Legal Services and Legal Aid of North Carolina sued legislative leaders over a budget provision shifting IOLTA revenue—about \$15 million a year, the Charlotte Center says—to a fund paying court-appointed criminal attorneys. They argue lawmakers overstepped judicial authority and that grant limits tied to immigration, gender-affirming care and advocacy violate free speech.

The suit estimates Pisgah will serve at least 3,500 fewer people annually.

Source: [NC Newsline, Oct. 16, 2026](#); [News From The States, Oct. 16, 2026](#)

Summary

The October 26 Navigator centers on continued uncertainty over federal grant administration and nonprofit funding, along with pending Census changes and important court rulings. Federal developments also affect Medicaid volunteering, disability services, energy assistance, fair housing and refugee resettlement. Human resources coverage tracks proposed changes to hiring guidance, work authorization and immigration petition practices, plus litigation involving education employers and retirement plans. Tax and finance items cover charitable deductions, future Treasury guidance, insider transactions, reimbursement rates, donor-advised funds and proposed rules for schools and scholarship organizations. At the state level, election measures, funding reviews, grant deadlines, beneficiary-notification rules, disability-service proposals and legal-aid litigation present distinct

issues for affected organizations. Leaders can use the dates and developments reported in the individual summaries to identify matters that warrant closer review.

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