Abstract

This November 2, 2026 Navigator News Update covers developments related to the December 11 federal funding deadline, nonprofit grant uncertainty, new SNAP requirements, workforce regulations, tax compliance and state developments. Key issues include the continuing resolution's restrictions on grant competitions, the November 3 election-related prohibition on nonprofit candidate activity, changes to employment authorization and federal contractor rules, and approaching reporting and payroll deadlines. State updates address Medicaid requirements, AI employment rules, tax measures, contracting reforms and nonprofit oversight.

November 2, 2026 Navigator News Update: Including December 11 Federal Stopgap Expiration, Johnson Amendment Restrictions, New Medicaid Requirements, and More!

From Nonprofit Management Navigator, a DBA of PMG46, LLC

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Introduction

Nonprofit leaders enter November facing decisions affecting federal grants, community services, employee compliance and financial reporting. The continuing resolution runs through December 11, while several grant programs, administrative requirements and litigation matters remain unresolved. Changes in SNAP and Medicaid programs may affect service demand and nonprofit operations. Employers are also confronting shifts in federal contractor regulations, employment authorization, screening guidance and 2027 payroll costs.

The November 3 election calls for particular attention to the prohibition on 501(c)(3) campaign intervention. At the same time, accounting and tax developments include outstanding single-audit guidance and approaching reporting deadlines. State developments add their own election issues, contracting proposals, employment rules and oversight disputes.

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

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Nonprofit News and Federal Regulatory Developments

📋 **Executive Summary:** Federal funding limits and litigation continue to affect nonprofit planning. The continuing resolution runs through December 11 and restricts new grant activity. SNAP work-rule changes may intensify pressure on food banks, while federal funding reductions weigh heavily on smaller charities. Court actions affect homelessness awards and terminated grants, and an AmeriCorps settlement provides temporary protection. The administration has dropped appeals involving Public Service Loan Forgiveness employer restrictions. Research also highlights a public awareness gap surrounding nonprofit services, while a major foundation is reorganizing its grantmaking.

⚡ **Key Actions for This Section:**

- Review grant pipelines against the December 11 continuing-resolution deadline and restrictions on new competitions.
- Review service-demand planning in light of SNAP work-rule changes and reported food-bank pressures.
- Track the HUD Continuum of Care award deadline and related litigation.
- Assess budget exposure to government funding losses, particularly for smaller programs.
- Monitor the USDA grant litigation and AmeriCorps settlement for changes affecting relevant awards.
- Review employer communications concerning the reported PSLF appeals withdrawal.

🔴 Stopgap Expires December 11, Limiting New Grant Competitions

The continuing resolution signed September 2 keeps agencies at FY2026 funding levels through December 11. It bars new starts for activities unfunded last year, generally limits agencies to obligating about 20% of prior-year totals, and lets agencies delay NOFOs rather than commit funds Congress has not enacted.

Programs with no FY2026 appropriation are unlikely to post NOFOs before 2027. The 21st Century Community Learning Centers program, zeroed out in the FY2027 budget request, faces uncertainty after December 11.

Source: Granted AI, Sept. 3, 2026

🟡 New SNAP Work Rules Take Effect as Food Banks Brace for Demand

SNAP changes from the 2025 budget law began October 1, ending work-requirement exemptions for parents of children 14 and older, veterans, older former foster youth and homeless individuals, and shifting more program costs to states. Medicaid work requirements follow in January.

Food banks expect sharp demand increases. One Minnesota director notes pantries supply one meal for every nine SNAP provides, and volunteer surges are hard to sustain.

Source: KTTC News, Oct. 1, 2026

🔴 Appeals Court Revives HUD Homelessness Funding Overhaul; Awards Due December 1

On September 16 the First Circuit overturned an August ruling that had suspended HUD's FY2026 Continuum of Care competition for skipping notice and comment. HUD reopened the competition September 18 with a September 30 deadline. Its changes limit funding for permanent housing and destabilize renewals for existing programs.

Congress requires awards by December 1. A separate challenge by the National Alliance to End Homelessness and a group of states is pending in federal court in Rhode Island; HUD waived its final reply brief October 16 and has agreed to give two weeks' notice before issuing awards. The Alliance estimates nearly 97,000 people in CoC-funded housing could lose their homes under the new funding notice.

Source: CT HMIS Federal Updates, week of Oct. 12, 2026

🟢 Study: Federal Cuts Took a Median 28% of Small Charities' Budgets

Urban Institute survey data show charities with $50,000–$99,000 budgets that lost government funding gave up a median 28% of their budgets, versus 5%–9% for groups with $1 million-plus budgets. Nearly half of government-funded charities faced at least one disruption in 2025.

Disrupted charities were likelier to borrow, tap reserves, freeze salaries and cut staff, and sector hiring plans have fallen sharply.

Source: The Chronicle of Philanthropy, Oct. 19, 2026

🟡 Broader Public Charge Rule Takes Effect as States Sue

A DHS final rule effective September 18 lets immigration officers weigh Medicaid, SNAP, housing assistance and other income-based benefits when reviewing admission and green card applications. The 2022 rule it replaces mainly covered cash assistance and government-funded long-term institutional care.

New York, 21 other states and D.C. sued September 14, as did a coalition of cities and counties, but the suits do not automatically pause the rule. Benefit use is one factor, not an automatic bar.

Source: VisaServe, Sept. 18, 2026

🟢 Most Americans Use Nonprofit Services Without Recognizing It

A Lilly Family School of Philanthropy survey found 71.9% of Americans used at least one nonprofit-provided service, yet only 7.4% said they had used charitable services in the past year. Just 18.9% now view nonprofits as more effective than government at meeting basic needs, down from 24.6% in 2023.

Researchers say this visibility gap shapes giving and public reaction to policies affecting the sector.

Source: eJewishPhilanthropy, Sept. 30, 2026

🟢 Administration Drops Appeals, Leaving PSLF Employer Restrictions Blocked

On October 21 the administration abandoned two appeals seeking to revive a rule letting the Education Secretary disqualify employers with a “substantial illegal purpose” from Public Service Loan Forgiveness. June court rulings striking the rule, one also citing the First Amendment, now stand.

Nonprofit and public service employers are no longer exposed to that disqualification process, which more than 20 states and many nonprofits had challenged.

Source: The National News Desk via ABC 33/40, Oct. 22, 2026

🟡 Ford Foundation Overhauls Grantmaking Around Democracy

The $18 billion Ford Foundation is launching its largest strategic overhaul since 2015, reorganizing into seven programs centered on democracy and favoring large, multiyear general operating grants. It projects about $700 million in 2027 grants.

Some programs will sunset. Ford has not said which of its 2,300-plus grantees will lose support, though it pledges responsible exits as a transition begins in January 2027.

Source: Associated Press via ClickOrlando, Oct. 22, 2026

🟡 Nonprofit Challenge to USDA Grant Terminations Moves Forward

An October 6 ruling kept alive the central claims of 27 nonprofit plaintiffs and King County, Washington, challenging USDA grant terminations. They allege agency staff screened grant files for keywords including “equity,” “environmental justice” and “underserved communities.”

The injunctions restore only the plaintiffs’ grants, leaving hundreds of other canceled awards without relief.

Source: Purpose Possible Government Affairs Digest, Oct. 15, 2026

🟢 Multistate Settlement Bars Dismantling AmeriCorps Without Warning

A settlement with 23 attorneys general and two governors bars AmeriCorps from mass grant terminations, mass member dismissals or material service changes without 30 days' written notice citing legal authority. AmeriCorps also agreed to commit substantially all FY2026 funds by September 30.

Grantees gain near-term stability, but the case is only paused through February 1, 2027, when states may resume litigation if AmeriCorps has not complied.

Source: Minnesota Attorney General's Office, Sept. 11, 2026

Nonprofit Human Resources Developments

📋 **Executive Summary:** Employers face changes to federal contractor obligations, employment authorization and hiring guidance. The rescission of certain affirmative-action regulations has taken effect, but other contractor responsibilities remain. New Department of Labor guidance explains when nonprofit staff can volunteer for their employers. A USCIS rule ends automatic extensions for many employment authorization renewals. EEOC actions concerning selection guidelines and criminal history are developing, while the 2027 Social Security wage base increases. A major

philanthropic initiative also seeks to help communities manage workforce disruption associated with artificial intelligence.

⚡ **Key Actions for This Section:**

- Confirm which federal contractor compliance requirements remain applicable after the October 26 rescission.
- Review employee volunteer arrangements against the DOL opinion letter's distinctions.
- Audit expiration dates and pending renewals for affected employee work permits.
- Monitor EEOC rulemaking and guidance changes while maintaining applicable hiring-law safeguards.
- Include the 2027 Social Security wage-base change in payroll planning.
- Watch for opportunities associated with the new workforce and AI funding initiative.

🔴 OFCCP Rescission of EO 11246 Regulations Took Effect October 26

Rescission of the Executive Order 11246 affirmative action regulations took effect October 26. Companion rules eliminated the Section 503 7% disability utilization goal and self-identification invitations and raised coverage thresholds to $20,000 (Section 503) and $200,000 (VEVRAA).

Nonprofit federal contractors meeting size and contract thresholds must still maintain written Section 503 and VEVRAA plans and track veteran applicant data.

Source: Crowell & Moring, Aug. 21, 2026

🟢 Funders Launch $1 Billion Initiative to Keep Workers Employed as AI Spreads

More than 20 funders, including the Rockefeller Foundation, Google.org, McKnight Foundation, Stand Together, Strada Education Foundation and AARP Foundation, launched All In For Jobs, which aims to mobilize $1 billion to help Americans stay employed as AI and automation spread. Launch partners have committed more than $800 million.

Over five years the initiative will work with up to 250 communities, to be selected in the coming months. Partners begin meeting in January 2027.

Source: Inside Philanthropy, The Philanthropy Wire, Oct. 26, 2026

🟢 DOL Opinion Letter Clarifies When Nonprofit Employees May Also Volunteer

In Opinion Letter FLSA2026-12, responding to a service-dog nonprofit, DOL said exempt staff may volunteer after hours for their employer if the duties differ from their regular jobs and participation is genuinely voluntary.

Missteps carry payroll risk: volunteer hours that count as work must be paid for non-exempt staff, and excessive non-exempt duties could jeopardize exempt status.

Source: HRMorning, Sept. 14, 2026

🔴 USCIS Permanently Ends Automatic EAD Extensions

A USCIS final rule published October 14 permanently 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, adjustment applicants and others.

Affected employees may have to stop working if cards expire before renewals are approved. Employers should review expiration dates and I-9 procedures now.

Source: Mintz, Oct. 14, 2026

🟢 EEOC Sends Final Rule Rescinding Uniform Guidelines to OIRA

On October 16 the EEOC sent the White House a final rule rescinding the interpretive portions of the 1978 Uniform Guidelines on Employee Selection Procedures, with final action projected for November and a January 2027 effective date.

Title VII disparate-impact liability and state laws remain, so employers using tests, assessments or AI hiring tools lose a validation roadmap but not the legal burden.

Source: Ogletree Deakins, Oct. 21, 2026

🟢 EEOC Moves to Rescind Criminal Background Check Guidance

The EEOC is moving to rescind its arrest and conviction records guidance, following a June DOJ opinion treating background checks as presumptively job related. A final rule went to the White House for review in early October, but the rescission has not yet been published.

Title VII disparate-impact claims, state and local fair-chance laws and FCRA notice rules still apply, so nonprofits should avoid blanket exclusions and apply screening policies consistently.

Source: HR Dive, Oct. 8, 2026

🟡 Social Security Wage Base Rises to $192,300 for 2027

The 2027 Social Security wage base climbs to $192,300 from $184,500, lifting the maximum OASDI tax to $11,922.60 each for employers and employees. Benefits rise 3.6% starting in January.

Nonprofit employers with highly paid staff will owe more employer payroll tax per affected worker, a cost to reflect in 2027 budgets.

Source: Journal of Accountancy, Oct. 14, 2026

IRS, Accounting and Finance Developments

📋 **Executive Summary:** Tax and finance developments require attention to immediate and upcoming deadlines. With the November 3 election approaching, the 501(c)(3) prohibition on candidate campaign intervention remains a central compliance issue. New rules address Trump Account contributions and group exemptions, while Treasury's guidance priorities include donor-advised funds and fiscal sponsorship. Charitable giving and information-return thresholds are changing. The final 2026 Compliance Supplement remains pending, potentially delaying single-audit reports. Congressional inquiries into exempt-status reviews continue, and accounting standard setters are considering additional changes.

⚡ **Key Actions for This Section:**

- Review election-related communications and social media activity for compliance with the 501(c)(3) campaign ban.
- Check whether 2026 Form 1099 reporting thresholds and filing arrangements affect your organization.
- Coordinate with auditors regarding the pending final 2026 Compliance Supplement.
- Evaluate group-exemption conformity steps before January 22, 2027, if applicable.
- Monitor Treasury and IRS guidance concerning donor-advised funds and fiscal sponsorship.
- Review charitable contribution planning and the applicable rules for qualified charitable distributions.

🔴 Election-Day Tomorrow: The 501(c)(3) Campaign Ban Still Applies

With the November 3 midterms tomorrow it is important to emphasize, 501(c)(3)s may never support or oppose candidates; one endorsement or candidate rating can jeopardize exemption. Nonpartisan voter registration, candidate forums and balanced voter guides remain permitted.

Social media likes, reposts and replies are a common trap, and promised IRS guidance for houses of worship is still pending.

Source: The National Law Review, Oct. 14, 2026

🟢 Trump Account Regulations Let 501(c)(3) Organizations Fund Contributions

Temporary regulations effective September 30 let 501(c)(3)s, directly or through donor-advised funds, fund equal Trump Account contributions for a Treasury-approved class of at least 5,000 children defined by geography and birth year. Such funding is treated as furthering an exempt purpose.

Treasury has yet to detail the request process and reporting requirements. Comments on the temporary regulations are due November 30.

Source: Morgan Lewis, Oct. 13, 2026

🟢 FASB Weighs Nonprofit Debt Classification and Equity-Method Changes

FASB expects fourth-quarter 2026 exposure drafts on debt classification under subjective acceleration clauses and expanded debt default disclosures, equity-method accounting and digital assets. CECL changes for receivables already apply to periods beginning after December 15, 2025.

Finance teams with loans, pledges or grant receivables should monitor the drafts and assess effects.

Source: CohnReznick, Sept. 21, 2026

🟢 IRS Exempt Organization Exams Fell 15% Over Five Years

A TIGTA report found that the IRS Tax Exempt and Government Entities division completed about 15% fewer exempt organization exams in fiscal 2025 than in 2021. The exempt organization unit oversees about 1.9 million tax-exempt entities.

IRS management cited resource constraints, competing priorities and training demands, though recent hiring increased exam closures in 2025.

Source: Bloomberg Government, Aug. 24, 2026

🟡 November 16 Form 990 Deadline for June 30 Fiscal-Year Organizations

Nonprofits with June 30, 2026 year-ends must file Forms 990, 990-EZ, 990-PF or 990-T by Monday, November 16, or file Form 8868 for an automatic six-month extension to May 15, 2027. Extensions do not delay tax payments.

Late returns draw daily penalties of up to $65,000, and three straight years of nonfiling triggers automatic revocation.

Source: Foundation Group, Oct. 16, 2026

🟢 First Year-End Giving Season Under the New Charitable Deduction Rules

2026 gifts fall under new rules: non-itemizers may deduct up to $1,000 ($2,000 joint) in qualifying cash gifts, excluding DAF contributions; itemizers get no deduction for gifts below 0.5% of AGI; and top-bracket donors' benefit is limited to 35 cents per dollar.

Appreciated property, qualified charitable distributions and bunching are strategies donors may weigh this fall.

Source: Taxgirl (Kelly Phillips Erb), Oct. 14, 2026

🟢 Survey: Fewer Than One in Four Americans Know About the New Charitable Deduction

The Lilly Family School of Philanthropy's 2026 survey found that only 23.9% of Americans knew about the new charitable deduction. After it was explained, 19% expected their household giving to rise.

The survey also found that 78.7% of Americans prefer that foundations operate in perpetuity.

Source: Inside Philanthropy, The Philanthropy Wire, Oct. 27, 2026

🟢 New 1% Floor Leaves Most Companies Without a Charitable Deduction

Starting in 2026, corporate charitable gifts are deductible only to the extent they exceed 1% of taxable income. CECP's Giving in Numbers found median deductible giving was 0.39% of pre-tax profit, so about four in five companies would get no deduction at 2025 giving levels.

Forty-two percent of companies expect their community investment budgets to shrink in 2026, versus 33% expecting increases. Fifty-two percent of companies reduced giving, though aggregate giving held flat.

Source: CECP via 3BL Media, Oct. 15, 2026

🟢 IRA Charitable Distributions up to $111,000 Bypass the New Deduction Floor

IRA owners age 70½ or older may transfer up to $111,000 directly to charities in 2026. Qualified charitable distributions are excluded from income, bypass the new 0.5%-of-AGI floor on itemized gifts, require no itemizing and can satisfy required minimum distributions.

QCDs cannot go to donor-advised funds. Donating long-term appreciated property directly can generally avoid recognizing built-in gain, though limits may apply

Source: PKF O'Connor Davies, Aug. 18, 2026

🔴 Form 1099-NEC Threshold Rises to $2,000 for 2026 Payments

For payments made in 2026, the reporting threshold for Form 1099-NEC and most Form 1099-MISC filings rises to $2,000 from $600, and the threshold may be adjusted for inflation beginning in 2027. If backup withholding applies, the forms must be filed regardless of amount.

Form 1099-NEC is due to recipients and the IRS by February 1, 2027. The IRS FIRE system takes its last filings November 19, 2026, leaving IRIS as the only electronic option after January 1.

Source: Greenshades, Sept. 16, 2026

🟡 Final 2026 Compliance Supplement Still Pending, Stalling Single Audits

OMB released only a draft 2026 Compliance Supplement on September 29, and auditors cannot issue single audit reports until the final version appears, possibly not before December 11. No deadline relief has been announced.

June 30 year-end organizations face a compressed reporting window. Auditors can begin testing with the draft, and financial statements can be issued separately.

Source: Keiter CPAs, Oct. 1, 2026

🟢 Reports of Treasury Review of Exempt Status Draw Senate Scrutiny

After August reports that Treasury officials were reviewing the exemptions of groups including Open Society Foundations, SPLC and CAIR, Senators Wyden and Warnock demanded documents from Treasury and the IRS. Federal law bars covered officials from requesting IRS audits of particular taxpayers.

The matters remain under congressional inquiry, and a reported “blueprint” is not a revocation.

Source: Charity Lawyer Blog, Oct. 12, 2026

🔴 Group Exemptions Must Conform to New Rules by January 22, 2027

Under Rev. Proc. 2026-8, existing group exemptions must align with new rules by January 22, 2027, including one group per central organization, uniform 501(c) classification and annual reporting letters filed at least 30 days before year-end. New groups need five subordinates.

Subordinates lack individual letters, and one affiliate's problem can affect the whole group.

Source: Forvis Mazars, Sept. 28, 2026

🟡 2026–2027 Priority Guidance Plan Targets DAFs, Fiscal Sponsorship and the Johnson Amendment

The plan released September 29 adds new fiscal sponsorship reporting guidance and keeps donor-advised fund rules, Johnson Amendment guidance, and regulations on the expanded executive compensation and college endowment excise taxes.

Fiscal sponsors, DAF sponsors and organizations with highly paid staff face possible new rules, though the plan sets no completion dates.

Source: ArentFox Schiff, Oct. 7, 2026

State Nonprofit News Developments

📋 **Executive Summary:** State developments span public benefits, employment compliance, nonprofit financing and oversight. States face deadlines for Medicaid work requirements and decisions about federal scholarship tax credits. November 3 ballot measures in Washington and Florida may affect funding linked to child care or local services. New state rules affect AI employment decisions, personnel records, minimum wages and leave requirements. New York nonprofits seek more predictable government contract payments. Minnesota groups report rising costs and funding pressures, while enforcement and litigation matters in Minnesota and West Virginia underscore governance and legal risks.

⚡ **Key Actions for This Section:**

- Identify operations potentially affected by state Medicaid work-requirement implementation.
- Monitor state ballot measures that may affect local services or child-care funding.
- Review applicable state AI hiring and employee-records obligations before effective dates.
- Update 2027 wage, leave and workplace-posting planning in affected jurisdictions.
- Track state contracting reform and payment-timing proposals where relevant.
- Review governance and conflict-of-interest practices in light of state enforcement developments.

🟡 States Race to Start Medicaid Work Requirements as Court Ruling Nears

Most states must begin Medicaid work requirements by January 1. Expansion adults ages 19 to 64 must log 80 hours a month of qualifying activity or earn at least $580 monthly. Nebraska and Montana have already started, and Iowa begins December 1.

A Boston federal judge heard the multistate challenge October 22, and the governors of five states asked HHS for more time. The Urban Institute projects that 3 million to 7 million fewer people a month will be enrolled through expansion in 2028.

Source: Medical Daily, Oct. 26, 2026

🟡 New State AI Rules for Employment Decisions Arrive January 1

California's rules on automated decision-making technology take effect January 1, along with limits on emotion-inference and neural-data monitoring, and Cal/WARN notices must disclose technology-related displacement. In Connecticut, using automated employment decision technology stopped being a defense to discrimination complaints on October 1.

Colorado's replacement AI law (SB 26-189) applies to consequential decisions made on or after January 1, though state enforcement is paused pending federal litigation and the attorney general's implementing rules. Colorado's replacement AI law (SB 26-189) applies to consequential decisions made on or after January 1, though state enforcement is paused pending federal litigation and the attorney general's implementing rules are not yet final. California's "No Robo Bosses Act" follows on July 1, 2027, requiring human review of automated discipline and termination decisions.

Source: Legal 500, Oct. 26, 2026

🟡 Washington I-645 Repeal Vote Puts Child Care Funding at Risk

Washington voters decide November 3 whether to repeal the new 9.9% tax on household income above $1 million. Five percent of its revenue is earmarked for early learning and child care, an estimated $321.5 million in 2029–31.

Child care and family-service nonprofits could lose funding tied to Working Connections subsidies, which serve 44,000-plus families and whose planned expansion was already delayed.

Source: CPA Practice Advisor (via The Seattle Times), Oct. 22, 2026

🟡 Florida Amendment 3 Vote Threatens Local Funding for Nonprofits

Florida's November 3 ballot measure would raise the non-school homestead exemption to $250,000 by 2028, significantly reducing local government property tax revenue. A Florida Nonprofit Alliance survey found nonprofits depend heavily on local funding and partnerships.

Homelessness prevention, mental health, after-school, arts and animal welfare services could be affected. The Alliance offers a messaging toolkit.

Source: Florida Nonprofit Alliance, Aug. 31, 2026

🟡 Massachusetts Must Cover $53 Million More in SNAP Administrative Costs

As of October 1 the federal share of SNAP operating costs fell from 50% to 25%, adding $53 million to Massachusetts' bill this fiscal year. Error-rate penalties could add an estimated $350 million more.

With enrollment down nearly 190,000 after new eligibility rules, Massachusetts food banks report rising need while the understaffed state agency struggles.

Source: WBUR, Oct. 1, 2026

🟢 West Virginia AG's Subpoenas of Environmental Nonprofits Challenged in Court

Attorney General JB McCuskey has subpoenaed a decade of records from leading environmental groups, including the West Virginia Rivers Coalition and 350.org, citing possible consumer-protection violations in fundraising and climate advocacy. The groups sued in federal court to quash the subpoenas as political harassment.

A hearing on the groups' request for a temporary restraining order was set for October 29 before U.S. District Judge Joseph R. Goodwin; the attorney general's office calls the request premature and defends the subpoenas as proper consumer-protection tools. Similar probes are emerging elsewhere, including a Florida subpoena of the Environmental Law Institute.

Source: The Dominion Post, Oct. 27, 2026

🟢 Governors Weigh Joining Federal Scholarship Tax Credit Before January 1

About 30 states had opted into the federal scholarship tax credit as of October 1, while 16 governors and the D.C. mayor remained undecided. Governors must notify the IRS by January 1 whether their states will participate in 2027.

On October 22 the governors of California, Connecticut, Massachusetts, Michigan and New Jersey asked Treasury to clarify state costs, qualifying expenses and fraud oversight. Pennsylvania's governor expects to decide within weeks.

Source: Education Week, Oct. 26, 2026

🟡 New York Nonprofits Urge Hochul to Sign Contracting Reform Bills

Nearly 900 New York nonprofits back two bills to improve state contract practices. The bills would guarantee that 25% of nonprofit contract funds are paid within 30 days and require clear payment schedules.

Hochul has vetoed similar legislation several times. A veto could be overridden with two-thirds support in both the Assembly and the Senate.

Source: BTPM News, Oct. 20, 2026

🟢 Minnesota Nonprofits Report Record Cost Increases

In a Minnesota Council of Nonprofits survey of 235 organizations, a record 92% reported higher expenses over the past year, citing inflation, tariffs, insurance and health premiums. Eighty-six percent said federal policy decisions had a negative impact.

Government funding fell for 49% of respondents and philanthropic or corporate funding for 48%. Fifty-one percent cited negative state impacts, including grant-process hurdles and heavy Medicaid reporting burdens.

Source: Minnesota Council of Nonprofits, Oct. 26, 2026

🟢 Minnesota AG Sues Refocus Recovery Over Alleged Self-Dealing

Attorney General Ellison sued Refocus Recovery and founder Daniel Larson, alleging the recovery nonprofit lacked board oversight, kept poor records and routed revenue to Larson's for-profit Kyros companies under backdated contracts. State payments had been halted over fraud allegations.

The case highlights Minnesota's scrutiny of conflicts of interest and independent governance at Medicaid-funded providers.

Source: Minnesota Attorney General's Office, Oct. 1, 2026

🔴 New York Personnel Records Law Takes Effect November 8

Under new Labor Law Section 210-b, New York employers must give current and former employees a free, complete copy of their personnel record within five business days of a written request. Employers must also notify employees within 10 days of adding negative information to the record.

Records must be kept for three years after termination. The Attorney General enforces the law, with penalties of $500 to $2,500, and a chapter amendment is expected in 2027.

Source: Mintz, Sept. 14, 2026

🟡 Six States Confirm Minimum Wage Increases for January 1, 2027

Minimum wages rise January 1 in Colorado ($15.71), Connecticut ($17.48), Michigan ($15.00, up from $13.73), Rhode Island ($17.00), Virginia ($13.75) and Washington ($17.73). Increases are also listed for Arizona, California, Maine, Minnesota, New Jersey and Ohio.

Local increases, including in several California cities and Seattle, come on top of state rates. The changes also require updated workplace postings.

Source: Experian Employer Services, Oct. 9, 2026

🟡 Paid Leave and Fair Chance Obligations Expand January 1

Maryland FAMLI contributions begin January 1 at a combined 0.9%, generally 0.45% each for employers and employees, and employers with fewer than 15 employees are exempt from the employer share. Connecticut's paid sick leave law extends to most employers with at least one Connecticut employee.

Washington's Fair Chance Act reaches employers with fewer than 15 employees on January 1. Maryland employers must declare intent to use a private plan by November 15, and benefits begin in January 2028.

Source: Gunderson Dettmer, Oct. 21, 2026

Summary

This week's developments show how federal decisions, state requirements and sector operating pressures intersect. The December 11 continuing-resolution deadline and litigation over federal awards leave grant-dependent organizations facing uncertainty. SNAP rule changes and state Medicaid implementation may affect the need for services, while evidence of funding losses shows particular pressure on smaller nonprofits. Human resources leaders must distinguish rescinded rules from requirements that remain, manage work-authorization renewals and plan for payroll changes. Finance teams face tax reporting updates, emerging guidance and a still-pending final single-audit compliance supplement. With the November 3 election imminent, the prohibition on candidate intervention by 501(c)(3) organizations remains important. State measures on taxes, contracting, AI, wages and leave add further variation. Taken together, the summaries emphasize reviewing deadlines, documenting exposure, monitoring unresolved rulemaking and litigation, and coordinating decisions across executive, board, financial and HR functions.

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