

Patterson Policy Watch – A Resource for the Nonprofit Sector

Welcome to the *Patterson Policy Watch*, which tracks key legal and policy developments that matter to the nonprofit sector. In response to the rapidly evolving landscape under the new presidential administration, Patterson Belknap's Tax-Exempt Organizations Group is highlighting executive actions, agency directives, legislative updates, and judicial responses that have the potential to impact nonprofit organizations and the communities they serve.

Below is a digest of select developments from the past week through April 13, 2026, which are organized broadly by issue area. We note that this is not a comprehensive list of all updates that may potentially be relevant to tax-exempt organizations. We will continue to provide regular updates to the *Patterson Policy Watch* to help you anticipate and navigate policy and legal developments. You can also view prior editions of the *Patterson Policy Watch* [here](#).

DEI

- April 6: The Department of Education (ED) [issued](#) a press release, announcing its rescission of portions of certain resolution agreements relating to the ED's enforcement under Title IX of the Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in any program or activity receiving federal financial assistance. Resolution agreements require schools to take specific actions to resolve noncompliance with federal civil rights law. The ED is rescinding portions of resolution agreements that were entered into by the ED and five school districts and one community college during the Biden administration. According to the ED's press release, the Biden administration "distorted the law [i.e., Title IX] contrary to its plain meaning to police discrimination on the basis of 'gender identity,' not sex, and imposed resolution agreements with no legal foundation, but rather, based on an ideologically-driven interpretation of Title IX." The ED will no longer monitor or enforce the portions of the resolution agreements that relate to gender identity.
 - The ED also [issued two](#) press releases, entitled "Victories for Higher Education: Eliminating DEI" on April 6 and "Victories for Higher Education: Ending Gender Extremism and Cutting Underused Programs" on April 9. These press releases provide examples of how "[t]he Trump Administration is changing the culture in higher education," including statistics on the number of colleges and universities that have eliminated DEI requirements, closed DEI offices, and related changes.
- April 10: The Department of Justice (DOJ) [announced](#) that International Business Machines Corporation (IBM) has agreed to pay over \$17 million to the federal government to resolve allegations that IBM, as a contractor to the federal government, violated the False Claims Act by submitting false claims and making false statements regarding its compliance with federal anti-discrimination requirements. This is the first resolution and settlement secured under the DOJ's "Civil Rights Fraud Initiative" (which was covered in the [May 20, 2025 issue](#) of the *Patterson Policy Watch*), which targets federal contractors that engage in race- or sex-based preferences.
 - Federal contractors are required to comply with certain anti-discrimination requirements, including the requirement that the federal contractor certify that (i) it will not discriminate against an employee or applicant for employment because of race, color, national origin, or sex and (ii) it will take steps to ensure that applicants are employed, and employees are treated during employment, without regard to race, color, national origin, or sex. According to the government's allegations, between January 1, 2019, and April 10, 2026, IBM maintained employment practices that took race, color, national origin, or sex into account, including a "diversity modifier" that tied bonus compensation to demographic targets and the use of "diverse interview slates" that altered interview eligibility criteria. IBM's settlement also addresses allegations that IBM limited access to certain training, mentoring, and leadership development programs based on race or sex. Although IBM denies the government's allegations and did not admit liability, it received credit for cooperating with the DOJ's investigation and taking voluntary remedial measures, including the termination or modification of the challenged programs.

Judicial Watch

As legal challenges to executive actions continue to grow, and as the DOJ has begun to initiate actions in court to enforce the administration's priorities, we are tracking developments in key cases that have the potential to most directly impact nonprofit organizations across the sector.

Public Service Loan Forgiveness Litigation

On October 30, 2025, the ED [promulgated](#) a [Final Rule](#) that amends the Public Service Loan Forgiveness (PSLF) Program regulations to redefine a "qualifying employer" whose employees can participate in the PSLF Program to exclude organizations that have a "substantial illegal purpose," such as aiding and abetting violations of federal immigration laws, supporting terrorism or engaging in violence for the purpose of obstructing or influencing federal government policy, engaging in the illegal chemical or surgical castration or mutilation of children, and engaging in a pattern of aiding and abetting illegal discrimination, among others. The Final Rule was issued pursuant to the March 7, 2025 executive order, entitled "[Restoring Public Service Loan Forgiveness](#)." A number of nonprofits and state and local jurisdictions have sued the ED seeking to prevent this Final Rule from going into effect on July 1, 2026. Cases we are following on this issue include:

- *National Council of Nonprofits v. McMahon* (District of Massachusetts): On November 3, 2025, a coalition of cities, nonprofits, and membership associations [sued](#) the ED to challenge the Final Rule as violating the Administrative Procedure Act because the ED is exceeding its statutory authority and because the Final Rule is arbitrary and capricious and contrary to the constitutional rights of Free Speech and Due Process.
 - On February 13, Plaintiffs [filed](#) a motion for summary judgment, arguing that the District Court should find that the Final Rule violates the Administrative Procedure Act and that the District Court should vacate the Rule to render it void.
 - On March 16, Defendants [filed](#) an opposition to Plaintiffs' motion for summary judgment and also filed a cross-motion to dismiss Plaintiffs' complaint, or in the alternative a motion for summary judgment. Defendants argue that they acted pursuant to their authority to promulgate the Final Rule, the Final Rule is not arbitrary and capricious, and the Final Rule does not target constitutionally protected speech.
 - On **April 6**, Plaintiffs [filed](#) a reply in support of their motion for summary judgment and in opposition to Defendants' motion to dismiss Plaintiffs' complaint, or in the alternative for summary judgment, requesting that the District Court vacate, or set aside as void, the Final Rule. Plaintiffs argue that the District Court has jurisdiction to hear the dispute and that the Final Rule violates the Administrative Procedure Act because it is arbitrary and capricious.

Legislative Watch

On April 9, [H.R. 8236](#), "Designating Hamas Affiliates in America Act of 2026," was introduced in the House of

Representatives by Representative Chip Roy (R-TX). The bill would require the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, to designate the Council on American-Islamic Relations (CAIR) and all its chapters, affiliates, and successors as a Specially Designated Global Terrorist. The bill would also suspend the tax-exempt status of CAIR, including all its chapters and affiliates, under Section 501(p) of the Internal Revenue Code, which provides for the suspension of the tax-exempt status of terrorist organizations.

- For prior coverage related to CAIR, please see the [November 11, 2025](#), [November 25, 2025](#), [December 9, 2025](#), [December 23, 2025](#), and [January 21, 2026](#) issues of the *Patterson Policy Watch*.

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