

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 27, 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 23: The Department of Housing and Urban Development (HUD) [announced](#) a new proposed rule "to restore biological reality and protect women across all HUD programs." The proposed rule would remove definitions of gender identity, sexual orientation, and gender from nearly 50 regulations related to HUD's 2016 rule, entitled "Equal Access in Accordance with an Individual's Gender Identity in Community Planning and Development Programs," and replace those definitions with sex.

Federal Government/Administrative Procedure

- April 23: The Department of the Treasury (Treasury) [announced](#) that it will revise Form 990, the annual tax return for Section 501(c)(3) organizations (as well as other Section 501(c) organizations), "to improve transparency, strengthen tax administration, and provide clearer reporting on certain activities of tax-exempt organizations described in section 501(c)(3) of the Internal Revenue Code, including government contracts, government grants, and fiscal sponsorship arrangements." These revisions to Form 990 would aim "to detect misconduct and hold wrongdoers accountable." Treasury and the IRS will publish proposed regulations and provide an opportunity for public comment before the Form 990 reporting changes are finalized.

Other

- April 21: The Department of Justice (DOJ) [announced](#) that a grand jury in a federal district court in Alabama [returned](#) an 11-count indictment against the Southern Poverty Law Center (SPLC), including federal charges of wire fraud, false statements to a federally insured bank, and conspiracy to commit money laundering. The DOJ alleges that SPLC defrauded donors by using donations to fund leaders and organizers of racist groups. According to the indictment, SPLC used "field sources," or paid informants, who "engaged in the active promotion of racist groups at the same time that SPLC was denouncing the same groups on its website," and the SPLC operated a scheme "to obtain money via donations through materially false representations and omissions about what the donated funds would be used for," namely "paid informants . . . engaged in the active promotion of racist groups." In response, Bryan Fair, SPLC's Interim Chief Executive Officer & President, stated that the SPLC no longer works with paid informants but that "what [the SPLC] learned from informants saved lives."
 - April 23: House Judiciary Committee Chairman Jim Jordan (R-OH) [sent](#) a letter to SPLC's Interim Chief Executive Officer & President, Bryan Fair, requesting documents and communications relating to the SPLC's payment of sources and coordination with the Biden administration by April 30.

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.

Denial of Congressionally Appropriated Funds

A growing number of nonprofit grantees have sued the federal government (and their agents) for improperly withholding Congressionally appropriated funds. Updates in cases we are following in this area include:

- *National Public Radio, et al. v. Trump* (District of Columbia) and *Public Broadcasting Service, et al. v. Trump* (District of Columbia): On May 27, 2025, National Public Radio (NPR) and several local NPR affiliates [challenged](#) the suspension of federal grants to NPR, pursuant to the May 1, 2025 executive order, entitled "[Ending Taxpayer Subsidization of Biased Media](#)" (the "Executive Order"). They allege that the suspension of the grants violates the Administrative Procedure Act and Constitutional separation-of-powers principles and constitutes unconstitutional retaliation for disfavored speech in violation of the First Amendment. On May 30, 2025, the Public Broadcasting Service (PBS) and one of its local affiliates [filed](#) a lawsuit raising similar claims.
 - On October 24, 2025, Plaintiff NPR and Defendant Corporation of Public Broadcasting (CBP) filed motions for summary judgment, respectively. In its motion for preliminary injunction and summary judgment, NPR [sought](#) to permanently enjoin CBP from distributing federally allocated funding to entities other than NPR and require CBP to provide NPR with said funding. In its motion for summary judgment, CBP [requested](#) that the District Court should rule in favor of its motion for summary judgment because CBP was legally justified in withholding funding from NPR.
 - On February 20, the District Court [issued](#) a minute order, which is a written record of a court's decision or ruling during a hearing or trial, to consolidate *National Public Radio v. Trump* and *Public Broadcasting Service v. Trump* due to the "identical legal issues presented by the pending summary judgment motions" and the lack of objection to consolidation of the parties in both cases.
 - On March 31, the District Court [granted](#) Plaintiffs' motion for summary judgment. The District Court found that the suspension of federal grants to NPR and PBS, pursuant to the Executive Order, violates the First Amendment as it singles out two speakers on the basis of their content and prevents them from receiving all federal funding. The District Court preliminarily enjoined Defendants from enforcing or implementing the funding prohibitions against NPR and PBS, set forth in Section 1 and Section 3(a) of the Executive Order.
 - On **April 23**, pursuant to the parties' joint motion, the District Court [entered](#) partial final judgment against Defendants regarding the funding prohibitions against NPR and PBS set forth in Section 1 and Section 3(a) of the Executive Order.
- *State of Washington v. United States Department of Housing and Urban Development* (District of Rhode Island): On

November 25, 2025, 21 states [sued](#) HUD regarding the new conditions it announced for grants under the Continuum of Care (CoC) Program, which provides federal funding to nonprofit organizations and state and local governments to provide housing and services for individuals experiencing homelessness. The new conditions include, among others: (1) reducing the percentage of CoC funding for permanent housing from 90 percent to 30 percent; (2) prohibiting CoC funding to applicants that acknowledge transgender and gender diverse individuals; and (3) requiring funding recipients to align with the policies set forth in the July 24, 2025 executive order, entitled "[Ending Crime and Disorder on America's Streets](#)," which requires HUD to prioritize grants to states and localities that enforce prohibitions on illicit drug use, urban camping and loitering, and urban squatting. This executive order was covered in the [July 29, 2025](#) issue of the *Patterson Policy Watch*. Plaintiffs argue that HUD's new conditions on federal funding violate the Administrative Procedure Act, separation-of-powers principles, the Spending Clause, and the Tenth Amendment. Plaintiffs additionally filed a motion for a preliminary injunction, requesting that the District Court enjoin the new grant conditions and reinstate the previous grant conditions; the Court converted the motion into a motion for temporary restraining order and a preliminary injunction. Similarly, on December 1, 2025, in [National Alliance to End Homelessness v. United States Department of Housing and Urban Development](#) (District of Rhode Island), Plaintiffs, nonprofit organizations and several local municipalities, [sued](#) HUD, challenging the same conditions as *State of Washington v. U.S. Department of Housing and Urban Development*.

- On December 23, 2025, the District Court in both cases [granted](#) Plaintiffs' [requests](#) for a preliminary injunction, ordering that HUD's rescission of the 2024 and 2025 funding conditions is stayed and that HUD is preliminarily enjoined from replacing the 2024 and 2025 funding conditions.
- On January 14, both Plaintiffs [filed](#) motions for summary judgment, requesting that the District Court (1) vacate and set aside the 2024 and 2025 funding conditions, meaning that the 2024 and 2025 funding conditions would be nullified and have no legal force, and (2) enjoin Defendants from implementing or enforcing the 2024 and 2025 funding conditions.
- On January 23, Defendants in both related cases [filed a cross-motion](#) for summary judgment and opposition to Plaintiffs' motions for summary judgment, arguing that HUD has statutory discretion in how it administers the CoC Program and that the new conditions on CoC funding are within HUD's statutory discretion.
- On February 17, Defendants in both related cases [filed an expedited request](#) to dissolve the District Court's preliminary injunction, arguing that the preliminary injunction "will not preserve the status quo pending the outcome of this litigation but will instead effectively dictate the final disposition of billions of FY 2025 dollars." Defendants argue that the preliminary injunction needs to be dissolved or, in the alternative, that the District Court must rule on the pending motions for summary judgment because, under the 2026 Consolidated Appropriations Act (CAA), if HUD does not award fiscal year 2025 funds to CoC projects under a Notice of Funding Opportunity before July 1, 2026, those projects will receive renewed funding.
- On February 27, the District Court [issued](#) a text order, which is an order issued by a court directly onto a case's docket rather than as a separate document, in both cases to deny the Defendants' request to dissolve the preliminary injunction, finding that Plaintiffs continue to face the risk of irreparable harm from gaps that Defendants would cause by changing the funding selection criteria on an expedited basis and from trying to reimplement the Notice of Funding Opportunity for December 2025, which the Court had already found Plaintiffs had a strong likelihood of showing was illegal.
- On March 2, Defendants in both related cases [filed](#) a notice of appeal with the First Circuit Court of Appeals and filed an [emergency motion](#) to stay the preliminary injunction issued by the District Court while Defendants appeal the injunction in the First Circuit.
- On March 6, the District Court [issued](#) a text order, which is an order issued by a court directly onto a case's docket rather than as a separate document, to deny Defendants' requests for an emergency stay, noting that Defendants had failed to appeal the preliminary injunction itself and finding that Plaintiffs would be substantially injured by staying the case and subjecting them to the harms caused by Defendants trying to implement the 2025 funding criteria.
- On March 9, Defendants [filed](#) a motion for an emergency stay of the preliminary injunction in the First Circuit, in which Defendants request that the First Circuit grant a stay of the District Court's preliminary injunction pending appeal no later than March 30, 2026.
- On April 2, the First Circuit Court of Appeals [issued](#) an opinion denying HUD's request for an emergency stay of the preliminary injunction. The First Circuit determined that Defendants could not show that the District Court abused its discretion by declining to dissolve the preliminary injunction and that Plaintiffs continue to face the threat of irreparable harm related to potential loss of funding.
- On **April 22**, the First Circuit Court of Appeals [dismissed](#) the appeal in *State of Washington v. U.S. Department of Housing and Urban Development*, pursuant to the appellants' assented-to motion.

Legislative Watch

- On April 16, [H.R. 8329](#), the "Form 990 Immigrant Resettlement Schedule Act," was introduced in the House of Representatives by Rep. Michelle Fischbach (R-MN) and referred to the House Committee on Ways and Means. The bill would amend Section 6033(b) of the Internal Revenue Code of 1986 to require tax-exempt organizations to report to the Secretary of the Treasury, for each taxable year, the number of individuals who are not U.S. citizens assisted by the organization (1) "in any activities relating to the lawful resettlement or relocation of such individuals into the United States" and (2) "in any activities relating to the enrollment or participation in any federal benefit programs." The organizations would also have to report "the direct or indirect nature of the organization's assistance or involvement" in such activities. Additionally, the bill would require that, not later than December 31, 2028, and annually thereafter, the Secretary of the Treasury must transmit to Congress "an aggregate statistical report" based on this reported information.
- On April 20, [H.R. 8379](#), the "Freedom from Ideological Requirements in Employment Act" (FIRE Act), was introduced in the House of Representatives by Rep. Julia Letlow (R-LA) and referred to the House Committee on Oversight and Government Reform. The bill would prohibit, among other things, federal funds from being expended to require diversity, equity, and inclusion (DEI) training or the endorsement of statements centered on DEI principles as a condition for appointment to, or continued employment in, the federal civil service. The bill would also prohibit federal funds from being expended to "develop, implement, distribute, plan, or purchase training courses for the Federal workforce" that relate to DEI. The bill defines DEI as "any practice, training, statement, or principle that asserts a particular race, color, ethnicity, religion, biological sex, or national origin is inherently or systemically superior or inferior, oppressive or oppressed, or privileged or unprivileged; or how systemic racism is embedded in legal systems, policies, and societal structures rather than being solely a product of individual prejudice."
- On April 22, [H.R. 8445](#), the "Stop DEI Act," was introduced in the House of Representatives by Rep. Young Kim (R-CA) and referred to the House Committee on Education and Workforce. The bill would prohibit Federal education funds from being made available to "an institution of higher education [as defined by Section 102 of the Higher Education Act of 1965] that considers race, sex, ethnicity, color, or national origin in ways that violate the Nation's civil rights laws."

This alert is for general informational purposes only and should not be construed as specific legal advice. If you would like more information about this alert, please contact one of the following attorneys or call your regular Patterson contact.

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