

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 May 11, 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](#).

Education

- May 6: The Department of Justice (DOJ) [announced](#) the completion of its year-long investigation into the admissions policies and practices of the David Geffen School of Medicine at the University of California at Los Angeles (UCLA). According to the DOJ's [findings letter](#), the DOJ's investigation focused on whether UCLA's medical school "violated Title VI of the Civil Rights Act of 1964 (Title VI), as interpreted by the Supreme Court's decision in *Students for Fair Admissions, Inc. v. President & Fellows of Harvard College*, 600 U.S. 181 (2023)" (the *Harvard* decision). Title VI prohibits discrimination on the basis of race, color, or national origin in any program or activity receiving federal financial aid. The *Harvard* decision prohibits the use of race in higher education admissions decisions and was covered in our firm's [July 5, 2023 client alert](#). The DOJ determined that UCLA's medical school "continues to intentionally discriminate against applicants based on their race after the [*Harvard* decision]," based on its "internal policies, publicly distributed literature, and email correspondence of its leadership." The findings letter also cites "statistical evidence of intentional discrimination" by UCLA's medical school, including "aggregated admissions data showing disparities in MCAT scores and GPAs between different racial groups of admitted students." The DOJ "seeks to enter into a voluntary resolution agreement with [UCLA's medical school] to ensure that admission practices are brought into legal compliance."

Other

- May 8: *Bloomberg Law* [reported](#) that, according to an official from the Department of the Treasury, 27 states have decided to participate in the new tax credit for individual taxpayers' contributions to scholarship granting organizations (SGOs), which are charitable intermediaries that exist to aggregate contributions to provide scholarships to qualified K-12 students to pay for qualified school expenses. The new tax credit was established under the One Big Beautiful Bill Act (OBBA), which was signed into law on July 4, 2025 and covered in our [July 24, 2025 client alert](#). Under the new tax credit, which begins on January 1, 2027, individual taxpayers may claim a dollar-for-dollar tax credit worth up to \$1,700 per year per taxpayer for cash donations to SGOs. For more information on the new tax credit, see the [December 16, 2025 issue](#) of the *Patterson Policy Watch*.
 - *Bloomberg Law* also [reported](#) that New York Governor Kathy Hochul is planning to opt New York State into the federal tax credit program.
 - Senator Mark Kelly (D-AZ) recently introduced a bill S. [4297](#), in the Senate to repeal the tax credit, as covered in the [April 21, 2026 issue](#) of the *Patterson Policy Watch*.

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:

- *American Council of Learned Societies v. McDonald* (Southern District of New York) and *Authors Guild v. National Endowment for the Humanities* (Southern District of New York): On May 1, 2025, the American Council of Learned Societies and other humanities associations that receive funding from the National Endowment for the Humanities (NEH) [filed](#) a lawsuit to challenge the dismantling of the NEH. They allege that mass termination of grants and staff layoffs at the NEH violate the Constitution and the Administrative Procedure Act. On May 12, 2025, the Authors Guild and several individual authors who receive NEH grants [filed](#) a similar lawsuit alleging that the termination of NEH grants violates the Constitution. On May 14, 2025, the District Court issued an [order](#) to consolidate the two cases.
 - On July 25, 2025, the District Court [granted](#) a preliminary injunction in the *Authors Guild* case, holding that the Government's termination of NEH grants for content-based reasons likely violated the First Amendment. The District Court denied a preliminary injunction in the *American Council of Learned Societies* case, rejecting the Plaintiffs' argument that the Government acted illegally by terminating staff at the NEH.
 - On March 6, Plaintiffs filed a [motion](#) for summary judgment, requesting that the District Court declare that the terminations of NEH grants were invalid, vacate the NEH grant terminations, and permanently enjoin the Government from unlawfully continuing to terminate NEH grants in the future.
 - On March 27, the Government filed a [cross-motion](#) for summary judgment and opposition to Plaintiffs' motion for summary judgment. The Government argues that the District Court lacks jurisdiction over Plaintiffs' claims because under the Tucker Act, claims related to grant agreements are to be exclusively heard by the Court of Federal Claims. The Government also denies that the grant terminations violate the First Amendment or the Equal Protection Clause of the Constitution. The Government further argues that it has not exceeded its statutory authority by enacting the grant terminations and that doing so was not in violation of the Administrative Procedure Act.
 - On **May 7**, the District Court [granted](#) Plaintiffs' motion for summary judgment and denied the Government's cross-motion for summary judgment. The District Court found that the Government's mass termination of NEH grants violated the First Amendment and the Equal Protection Clause of the Fifth Amendment and was beyond the Department of Government Efficiency's powers as the agency acted without proper statutory authorization to select and terminate the grants. The District Court permanently enjoined the Government from enacting the mass termination of NEH grants.

Patterson Belknap is a firm of approximately 200 lawyers based in New York, delivering a full range of services centered around three areas: litigation and disputes, corporate and transactions, and the legal needs of tax-exempt organizations and private clients.

[Unsubscribe](#) | [Update my email preferences](#) | [Follow us on LinkedIn](#)

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.

Laura E. Butzel	212.336.2970	lebutzel@pbwt.com
Robin Krause	212.336.2125	rkrause@pbwt.com
John Sare	212.336.2760	jsare@pbwt.com
Susan M. Vignola	212.336.2256	svignola@pbwt.com
Justin S. Zaremby	212.336.2194	jszaremby@pbwt.com
Tiffany N. Tam	212.336.2520	ttam@pbwt.com
Peter B. Franklin	212.336.2978	pfranklin@pbwt.com
Jack McGlone	212.336.2974	jmclone@pbwt.com
Colleen O'Leary	212.336.2516	coleary@pbwt.com

To subscribe to any of our publications, call us at 212.336.2813, email info@pbwt.com, or sign up on our website, <https://www.pbwt.com/subscribe/>.

1133 Avenue of the Americas New York, NY 10036-6710 212.336.2000 www.pbwt.com

Copyright © 2026 Patterson Belknap Webb & Tyler LLP. All rights reserved.

This publication may constitute attorney advertising in some jurisdictions. Prior results do not guarantee a similar outcome.