

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 26, 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 18: The Department of Education (ED) [issued](#) a [final rule](#) to implement the Workforce Pell Grant program, which is a new program created under the One Big Beautiful Bill Act (OBBA). Beginning on July 1, 2026, students will be eligible to receive Pell Grants for their enrollment in "high-quality, short term educational programs that prepare them for high-skill, high-wage, and in-demand jobs." For more information about the new Workforce Pell Grant program, see the [July 8, 2025](#) and [March 10, 2026](#) issues of the *Patterson Policy Watch*.
- May 21: The ED [announced](#) that its negotiated rulemaking session reached consensus on a proposed regulatory framework to make changes to the accreditation system for institutions of higher education. Some of the main changes to the current accreditation system include:
 - "reducing barriers for emerging accreditors that will bring increased competition";
 - simplifying the recognition process so that institutions of higher education can change their accreditors;
 - requiring institutions to maintain policies to ensure that students can transfer credits that they have previously earned at other colleges;
 - "ending collusion between program accreditors and related trade associations that leads to credential inflation and unnecessary costs";
 - "eliminating standards that lead to unlawful discrimination";
 - "protecting the integrity of academic research"; and
 - "prioritizing intellectual diversity amongst faculty in order to advance academic freedom, intellectual inquiry, and student learning."

The ED will develop proposed regulations to implement this regulatory framework, and the proposed resolutions will be subject to public notice and comment before they become final regulations. The changes to the current accreditation process aim to implement the April 23, 2025 executive order, entitled "[Reforming Accreditation to Strengthen Higher Education](#)," which was covered in the [April 29, 2025 issue](#) of the *Patterson Policy Watch*.
- May 26: The Department of Justice (DOJ) [announced](#) that it [filed](#) a lawsuit against the University of California (UC), alleging that UC was deliberately indifferent to race and national origin discrimination against Jewish and Israeli students at the University of California, Los Angeles (UCLA) campus, in violation of Title VI of the Civil Rights Act of 1964. Title VI prohibits recipients of Federal funding from discriminating against individuals on the basis of certain protected characteristics, including race, color, and national origin. The complaint alleges that "UCLA discriminated against Jewish and Israeli students via its deliberate indifference to the repeated and widespread hostile actions of campus agitators against Jewish and Israeli students."
 - On February 24, 2026, the DOJ filed a lawsuit against UC, alleging that UC engaged in a hostile work environment against Jewish and Israeli faculty and staff at the UCLA campus in violation of Title VII of the Civil Rights Act of 1964; the February 24 lawsuit was covered in the [March 3, 2026 issue](#) of the *Patterson Policy Watch*.

Other

- May 13: The Office of Management and Budget (OMB) [issued](#) a memorandum, entitled "Federal Awards to Nonprofit Organizations," to all Federal departments and agencies seeking "[t]o collect information on Federal spending provided to certain nonprofit organizations." The memorandum lists 49 nonprofit organizations and directs all Federal departments and agencies to report to OMB by May 29 with spending data regarding all grants, cooperative agreements, loans, contracts, monetary awards, and obligations with the 49 nonprofits, as well as all programs and projects of the 49 nonprofits to which Federal funds are obligated.
- May 20: In a social media post, the House Judiciary Committee [announced](#) that Chairman Jim Jordan sent a letter and subpoena to the Southern Poverty Law Center's (SPLC) Interim CEO & President Bryan Fair, and that SPLC Interim CEO & President Bryan Fair will appear before the Committee on June 9.
 - On April 23, Chairman Jordan [sent](#) a letter requesting documents and communications relating to the SPLC's payment of sources and coordination with the Biden administration; the April 23 letter was covered in the [April 28, 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:

- [State of Maryland v. United States Department of Education](#) (District of Maryland):

- On May 19, 2026, 26 states [sued](#) the ED regarding a [final rule](#) that the ED promulgated on May 1, 2026 related to the federal student loan program. This final rule, which was covered in the [May 5, 2026 issue](#) of the *Patterson Policy Watch*, implements certain student loan provisions of the OBBB, which was signed into law on July 4, 2025 and covered in our [July 24, 2025 client alert](#). The states are challenging the provisions of the final rule that set caps, beginning on July 1, 2026, on the amount of loans available to graduate students and professional students. The states argue that the ED's final rule adopts a narrow definition of "professional students," which excludes many healthcare professionals and other degrees thought to be traditionally "professional." The states argue that the final rule contradicts Congress's intention in enacting the federal student loan program and is arbitrary and capricious, in violation of the Administrative Procedure Act.

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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

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

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