Patterson Belknap

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 August 3, 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

- August 3: Secretary of Education Linda McMahon published an open letter to university leaders, entitled "A National Call to Action to University Presidents and Governing Boards." The letter encourages "university leadership [to] seize this occasion to drive essential reforms" in higher education. The letter also encourages each university to respond to a series of questions related to "statements of principles," which address topics such as admissions, free speech, cost of attendance, and artificial intelligence, and requests that each university publish a statement outlining its commitment to the principles described in the letter prominently on its website by the end of 2026.
    - The "statements of principles" in Secretary McMahon's letter are similar to the terms set forth in the October 2025 "Compact for Academic Excellence in Higher Education," which the White House sent to nine universities outlining terms for the universities to adopt in order to receive advantages in federal grant funding, as covered in the October 7, 2025 issue of the *Patterson Policy Watch*. For more coverage on the Compact for Academic Excellence in Higher Education, please see the October 14, 2025, October 21, 2025, and November 4, 2025 issues of the *Patterson Policy Watch*.

Judicial Watch

As legal challenges to executive actions continue to grow, and as the Department of Justice (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:

- *Planned Parenthood Federation of America v. Department of Health and Human Services* (District of D.C.): On **July 28, 2026**, Planned Parenthood filed a lawsuit against the Department of Health and Human Services (HHS) and other defendants, challenging HHS's July 9, 2026 notice of funding opportunity ("NOFO") for grants under Title X of the Public Service Health Act. Title X of the Public Health Service Act is a federal grant program that provides family planning and preventive health services to low-income individuals. HHS's NOFO stated that funded activities must advance and align with specific political perspectives (the "Challenged Priorities"), such as promoting natural family-planning methods, counseling patients about marriage prior to having children, and "respecting biological reality." Planned Parenthood argues that these Challenged Priorities are contrary to law, exceed HHS's statutory authority, are arbitrary and capricious, and fail to observe required procedures in violation of the Administrative Procedure Act, in addition to being a violation of the Spending Clause of the Constitution. Planned Parenthood requests that the District Court declare unlawful and set aside the 2027 NOFO Challenged Priorities and preliminarily (and ultimately permanently) enjoin Defendants from considering the Challenged Priorities during the 2027 grant application cycle.

Legislative Watch

- On **July 21**, S. 5046 was introduced in the House of Representatives by Sen. Tim Kaine (D-VA) and referred to the Senate Committee on Health, Education, Labor, and Pensions. The bill would prohibit the Secretary of Education from entering into, implementing, or carrying out interagency agreements with other federal agencies to transfer, procure, or jointly perform functions, programs, activities, or appropriations belonging to four specific Department of Education (ED) offices: the Office of Special Education and Rehabilitative Services, the Office of Postsecondary Education, the Office of Indian Education, and the Office of Elementary and Secondary Education. The bill exempts interagency agreements or contracts in effect on February 1, 2025, as well as renewals containing substantially similar terms.
    - On **July 30**, the Senate Committee on Health, Education, Labor, and Pensions approved S. 5046 by a 13-9 vote. The Committee action comes after House Republicans introduced a package of 10 bills that would further erode the ED by codifying most interagency agreements and permanently transferring statutory responsibilities to other federal agencies.
    - The bill is in response to the interagency agreements that the ED has entered into with other federal agencies over the past year, in furtherance of March 20, 2025 executive order, entitled "Improving Education Outcomes by Empowering Parents, States, and Communities" (covered in the March 25, 2025 issue of the *Patterson Policy Watch*), which directs the Secretary of Education "to the maximum extent appropriate and permitted by law, [to] take all necessary steps to facilitate the closure of the [ED] and return authority over education to the States and local communities while ensuring the effective and uninterrupted delivery of services, programs, and benefits on which Americans rely." For more information about these interagency agreements, see the September 9, 2025, November 25, 2025, March 3, 2026, March 24, 2026, and June 23, 2026 issues of the *Patterson Policy Watch*.
- On **July 27**, H.R. 9957, the "Time for Completion Act," was introduced in the House of Representatives by Rep. Jahana Hayes (D-CT) and Rep. Michael Kennedy (R-UT) and referred to the House Committee on Education and the Workforce. The bill would require institutions of higher education to report comprehensive student completion and graduation rate information for consumer and financial assistance disclosures. Specifically, the bill would require institutions to disclose graduation percentages across four distinct categories of undergraduate students: first-time full-time; first-time part-time; non-first-time full-time; and non-first-time part-time. For programs of study at least four academic years in length, institutions would be required to report completion rates at normal completion time, 150 percent of normal time, and 200 percent of normal time. For programs less than four academic years in length, reporting would additionally include completion rates at 300 percent of normal time. The bill further directs the Secretary of Education to display each completion percentage publicly in a consistent manner and with equal visibility.

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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