



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 September 14, 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/Anti-Discrimination

- September 9: The Department of Justice (DOJ) and the Education Department (ED) [announced](#) joint investigative [findings](#) that the University of California, Berkeley School of Law (Berkeley Law) discriminates against white and Asian applicants in its admissions process, in violation of 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). According to the DOJ, following the Harvard decision, Berkeley Law used race, essay prompts, and other means to advance its admissions diversity goals, including by asking applicants to specify their racial identity so that admitted students could be grouped in class with others sharing the same "primary identity," which the DOJ characterized as unlawful discrimination on the basis of race.

Legislative Watch

- September 10: H.R. 10330, the "Higher Education Oversight for Nonprofits Ensuring Standards and Transparency Act" or the "HONEST Act," was [introduced](#) in the House of Representatives by Reps. Alma Adams (D-NC) and Jamie Raskin (D-MD) and referred to the House Committee on Ways and Means. The bill would amend the Internal Revenue Code by adding a new Section 7613 that would impose procedural restrictions on Internal Revenue Service (IRS) inquiries and examinations of universities, modeled on the restrictions that Section 7611 currently imposes on church tax inquiries and examinations. The IRS could begin a "university tax inquiry" only if an appropriate high-level Treasury official reasonably believes, on the basis of facts and circumstances recorded in writing, that the university may not qualify for the tax treatment it claims, and only after providing written notice. The bill would also require that inquiries and examinations be completed within two years, require written approval from IRS Division Counsel before the IRS could revoke exempt status or assess a deficiency, and bar a further inquiry on the same or similar issues for five years. According to the sponsors, the bill responds to the new proposed Treasury regulations that would affect the Section 501(c)(3) status of private schools, as covered in [the September 10, 2026 issue](#) of the Patterson Policy Watch.

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