



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 October 12, 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

- October 7: The Department of Education (ED) [announced](#) that it is expanding its investigation into Swarthmore College, following complaints that Swarthmore "has not adequately and promptly responded to particularly egregious antisemitic propaganda on campus," including a video posted on a student group's social media account that depicted the burning of an effigy of an Israeli soldier under a Palestinian flag. The investigation, which the ED first brought against Swarthmore in 2024, will determine whether Swarthmore violated Title VI of the Civil Rights Act of 1964 (Title VI), which prohibits discrimination on the basis of race, color, and national origin in educational programs and activities receiving federal financial assistance. Swarthmore [stated](#) that it does not control the social media account on which the video was posted and that it believes the "complaints against the College that led to the [ED's] expanded investigation have no merit."

Education

- October 8: During a White House Fraud Task Force event, the Department of Labor's (DOL) Office of Inspector General [announced](#) an investigation into potential fraud and misuse of the J-1 visa program by nine universities: Harvard University, Yale University, Stanford University, Brown University, the University of Pittsburgh, the University of California, Davis, the California Institute of Technology, Arizona State University, and the Massachusetts Institute of Technology. The J-1 visa is a temporary, non-immigrant exchange visitor visa issued by the Department of State (State) to foreign nationals who are approved to participate in work-based and study-based exchange visitor programs in the United States. According to the Inspector General's announcement, approximately 61 percent of postdoctoral workers and researchers supported by federal grants at the nine universities are foreign nationals, compared to 38 percent at other universities. The investigation will examine whether the universities "[i]mproperly used J-1 visa classifications to avoid employment obligations, exploit taxpayer-funded programs, and undermine American workers." DOL has served subpoenas on each of the universities. The Inspector General also announced the formation of a multi-agency Visa Fraud Strike Team, including the DOL, the Department of Justice (DOJ), the Department of Homeland Security (DHS), and State, focused on fraud in the H-1B and J-1 visa programs.

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:

- Urban Sustainability Directors Network v. Dep't of Agriculture* (District of Columbia): On June 5, 2025, a group of environmental and agricultural organizations [challenged](#) the government's suspension and termination of various Department of Agriculture (USDA) grants related to climate change or diversity, equity, and inclusion (DEI). Plaintiffs allege that the termination of the grants violates the Administrative Procedure Act and Constitutional separation-of-powers principles. On June 30, 2026, Plaintiffs [filed](#) their second amended complaint, and on July 14, 2026, Defendants filed a partial motion to dismiss Plaintiffs' second amended complaint.
 - On **October 6, 2026**, the District Court [granted-in-part](#) Defendants' motion to dismiss, finding that Plaintiffs failed to state a Due Process claim, as they did not have a constitutionally protected interest in anticipated government payments. However, the District Court denied-in-part Defendants' partial motion to dismiss, finding that Plaintiffs have plausibly alleged that Defendants' mass terminations of USDA grants were arbitrary and capricious, and the grant terminations were contrary to law, in violation of the Administrative Procedure Act.

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