



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 19, 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

- October 13: *The Wall Street Journal* [reported](#) that the Department of Justice (DOJ) sent a letter on October 7 to the Council of the Section of Legal Education and Admissions to the Bar of the American Bar Association (ABA), the accrediting agency for law schools, stating that the ABA's accreditation standards limiting the share of coursework that may be taught by part-time faculty appear to violate federal antitrust law. ABA Standard 403 requires that full-time faculty teach "substantially all of the first one-third of each student's coursework" and either more than half of a law school's credit hours or two-thirds of its student contact hours. According to the report, the letter states that these limits restrict teaching options, raise the cost of legal education, and "cannot be clearly explained by differences in real or perceived quality" between full-time and adjunct instruction. The ABA has 15 days to amend Standard 403 or explain why Standard 403 complies with antitrust law, after which the DOJ "may proceed with additional investigatory steps."
 - The Department of Education (ED) also issued a report regarding the accrediting arm of the ABA, in which the ED found that the ABA was not in compliance with federal accreditation regulations and recommended that the ABA lose its recognition as a federally recognized accreditor; this report was covered in the [August 25, 2026 issue](#) of the *Patterson Policy Watch*.
- October 19: The DOJ and the ED [entered](#) into a settlement agreement with the University of North Carolina at Chapel Hill (UNC) to resolve a joint DOJ and ED investigation into UNC's admissions practices and educational operations and into allegations that UNC failed to adequately address antisemitism under Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, or national origin. Under the settlement agreement, UNC agreed, among other things, to "establish a Title VI Coordinator position in the University Compliance Office, whose responsibilities will include, but will not be limited to, assuring compliance with Title VI and addressing prohibited antisemitism" and to "adopt and maintain non-discriminatory and color-blind admissions decisions, policies, practices, and processes." The DOJ's press release announcing the settlement [states](#) that "[b]ecause of UNC's cooperation, UNC will remain eligible for federal funding." Within thirty days, UNC must select a "Merit & Civil Rights Administrator," who will be responsible for implementing the terms of the settlement agreement. The settlement agreement will be in effect until December 31, 2028.

Health

- October 14: The Department of Health and Human Services (HHS) [sent](#) a final request for information to several medical organizations regarding each organization's positions on "sex-rejecting procedures" on minors, which is a term that HHS and federal regulators use to describe gender-affirming care for minors, such as puberty blockers, cross-sex hormones, and surgical operations. HHS sent this final request to the World Professional Association for Transgender Health, the American Medical Association, the American Psychiatric Association, the American Psychological Association, and the Endocrine Society, among others. In December 2025, HHS sent these medical organizations a letter, requesting their position on "sex-rejecting procedures" for minors and any planned updates to guidance materials or position statements. The medical organizations did not respond to HHS's December 2025 request. The final request repeats the request for: a current statement of each organization's position on "sex-rejecting procedures" for minors; identification of updates, revisions, or corrections to each organization's guidelines; and a concrete timeline for any forthcoming changes. Each final request states that HHS expects a written response from the medical organization within 10 business days.

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.

Ban on DEI Initiatives in the Executive Branch and by Recipients of Federal Funding

President Trump issued several significant Diversity, Equity, and Inclusion (DEI)-related executive orders (the DEI Executive Orders), including: (1) the January 20, 2025 executive order, entitled "[Ending Radical and Wasteful Government DEI Programs and Preferencing](#)," which orders the termination of DEI programs, offices, and positions as well as "equity-related" grants and contracts; (2) the January 21, 2025 executive order, entitled "[Ending Illegal Discrimination and Restoring Merit-Based Opportunity](#)," which requires federal grant recipients and contractors to certify that they do not operate DEI programs that violate antidiscrimination laws; (3) the January 20, 2025 executive order, entitled "[Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government](#)," which prohibits federal funds from being used to promote "gender ideology"; and (4) the March 26, 2026 executive order, entitled "[Addressing DEI Discrimination by Federal Contractors](#)," which requires all federal agencies to include certain provisions in contracts, including the requirement that federal contractors and subcontractors agree that they will not engage in any "racially discriminatory DEI activities." Updates in cases we are following in this area include:

- *National Association of Diversity Officers in Higher Education v. Trump* (District of Maryland): On April 20, 2026, Plaintiffs National Association of Diversity Officers in Higher Education, American Association of University Professors, United Academics of Maryland-University of Maryland, National Association of Minority Contractors, and the DMV chapter of the National Association of Minority Contractors [sued](#) the Government, challenging the March 26, 2026 executive order, entitled "[Addressing DEI Discrimination by Federal Contractors](#)," which prohibits "racially discriminatory DEI activities" by federal contractors. This executive order was covered in the [March 31, 2026 issue](#) of the *Patterson Policy Watch*. Plaintiffs allege that the executive order violates the Free Speech and Free Association provisions of the First Amendment and is content-based discrimination. Plaintiffs also argue that the Government is exceeding the scope of its authority. Plaintiffs request that the District Court declare the executive order unconstitutional and enjoin the Government from taking steps to implement the executive order.

- On June 4, 2026, Plaintiffs filed a motion for a preliminary injunction, requesting that the District Court enjoin Defendants from implementing the executive order and stay the implementation of the executive order's prohibition on "racially discriminatory DEI activities" in active federal contracts.
- On **October 14, 2026**, the District Court denied Plaintiffs' motion for a preliminary injunction and stay, finding that Plaintiffs have not shown a likelihood of success on the merits of their constitutional claims against the executive order for the same reasons articulated in the February 6, 2026 decision of the Fourth Circuit Court of Appeals in Nat'l Ass'n of Diversity Officers in Higher Educ. v. Trump. In addition, the District Court found Plaintiffs have not made a showing of irreparable harm sufficient to warrant preliminary relief.
 - Nat'l Ass'n of Diversity Officers in Higher Educ. v. Trump was a case filed by some of the same Plaintiffs on February 3, 2025 that challenged the DEI-related executive orders, entitled "Ending Radical and Wasteful Government DEI Programs and Preferencing" and "Ending Illegal Discrimination and Restoring Merit-Based Opportunity." On February 6, 2026, the Fourth Circuit vacated the District Court's preliminary injunction that had blocked enforcement of the January 2025 executive orders. For more information about the Fourth Circuit's decision, see the February 10, 2026 issue of the *Patterson Policy Watch*.

Legislative Watch

- On October 9, 2026, H.R. 10786, the "Civic Literacy in Higher Education Act," was introduced in the House of Representatives by Rep. Max Miller (R-OH) and referred to the House Committee on Education and Workforce. The bill would amend Section 487(a) of the Higher Education Act of 1965, which sets forth the conditions that institutions of higher education must satisfy to participate in federal student financial assistance programs, to require institutions, other than foreign institutions, to require students who are United States citizens by birth to pass a civics test in order to graduate. The civics test would require students to demonstrate the knowledge required of applicants for naturalization under Section 312 of the Immigration and Nationality Act and would have to be proctored by a faculty member and completed without access to books or notes.

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