



**PANO**

Pennsylvania Association of  
Nonprofit Organizations

# High Level Overview: Federal Issues

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# Proposes Sweeping Changes to Federal Grantmaking Rules

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- ❑ Comment deadline: July 13, 2026
- ❑ OMB proposed major revisions to the Uniform Guidance — the rules governing all federal grants and cooperative agreements to nonprofits
- ❑ Would give any administration near-unlimited discretion to withhold, suspend, or terminate grants mid-performance, and to change grant terms and conditions without notice
- ❑ Removes objective criteria from award decisions, opening the door to ideology-based funding determinations
- ❑ Reduces public transparency throughout the grantmaking process

# FBI–IRS Joint Task Force & House Oversight Task Force

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- ❑ FBI and IRS Criminal Investigation formed a joint initiative to investigate nonprofits for suspected links to domestic terrorism
- ❑ Criteria are vague
- ❑ Separately, the House Oversight Committee launched a Task Force on Defending Constitutional Rights specifically targeting nonprofits with DEI programs, immigration services, and advocacy work
- ❑ The Task Force chair has said any organization "taking tax dollars" and engaged in activities he characterizes as contrary to American interests is a legitimate target

# PSLF Rule — July 1 Deadline Approaching

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- ❑ Dept. of Education rule takes effect July 1 — would allow the Secretary to strip nonprofits of PSLF employer eligibility if determined to have a "substantial illegal purpose" (undefined)
- ❑ First federal court hearing in *NCN v. McMahon* held June 3 in Boston — ruling not yet issued; do not assume the rule will be blocked
- ❑ Organizations serving immigrant communities, providing gender-affirming care, or engaged in civil rights work face the most direct exposure
- ❑ Practical risk extends beyond eligibility loss — recruitment and retention are on staff making PSLF payments is already being affected