# A New Era of Oversight:

# Emerging Issues for Community Action and Nonprofits

# AGENDA

- The Changing Oversight Landscape
- Program Integrity, Fraud, and Accountability
- Uniform Guidance and Federal Grants
- Artificial Intelligence and Grant Oversight
- Form 990 and Tax-Exempt Organization Developments
- Litigation Affecting Federal Financial Assistance
- Preparing Your Organization for the Evolving Oversight Environment
- Questions, Discussion, and Looking Ahead

# Sec 1. The Promise of Community Action.

(a) Community Action:

1) Changes people's lives;
2) Embodies the spirit of hope;
3) Improves communities; and
4) Makes America a better place to live.

(b) We care about the entire community; and

(c) We are dedicated to helping people help themselves and each other.

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community Action
PARTNERSHIP
AMERICA'S POVERTY FIGHTING NETWORK

"I wish it need not have happened in my time," said Frodo.
"So do I," said Gandalf, "and so do all who live to see such times. But that is not for them to decide. All we have to decide is what to do with the time that is given us."

— **J.R.R. Tolkien, The Fellowship of the Ring**

"A process cannot be understood by stopping it. Understanding must move with the flow of the process, must join it and flow with it."

— **Frank Herbert, Dune**

# App Poll Results

## Which change in the oversight environment would require the biggest adjustment for your organization?

**Poll Results**

**109 Answers**

# The Changing Oversight Landscape

# Prologue: What Happened in Minnesota?


**The fraud investigations weren't new.**

**The scale and scope of the federal policy response were.**

# A New Era of Oversight?


**The vibe is a change in posture – *not* simply "more audits."**

# A New Era of Oversight?

**Federal oversight is expanding across the full life of an award.**

**1**
**BEFORE**
### PRE-AWARD
Eligibility • risk review verification • award decisions

**2**
**DURING**
### ACTIVE AWARD
Monitoring • reporting payment controls • data checks

**3**
**AFTER**
### POST-AWARD
Audit • investigation enforcement • recovery

**This is a change in posture – not simply "more audits."**

**Earlier intervention • continuous visibility • post-award accountability**

# What's Driving the Shift

**Oversight is being reshaped from several directions at once.**

## ADMINISTRATION

- White House fraud task force
- DOJ fraud enforcement + detection capacity
- Agency program-integrity, payment, and data initiatives

## CONGRESS

- Anti-fraud legislation
- Hearings and investigations
- Pressure for stronger controls and accountability

## COURTS

- Federal-assistance litigation
- Challenges to executive authority
- Legal limits shaping implementation

# The Emerging Oversight Model

**FEDERAL OVERSIGHT**

### PRE-AWARD SCRUTINY

Risk review
Eligibility & application verification
Award decisions / conditions

### ONGOING MONITORING

Reporting & monitoring
Data comparison / matching
Award conditions & follow-up

### PAYMENT CONTROLS

Verification before payment
Payment justifications / holds
Documentation & internal controls

### ENFORCEMENT & RECOVERY

Audits & investigations
Corrective action / recovery
Penalties & enforcement

# Program Integrity, Fraud, and Accountability

# What Do We Mean by “Fraud, Waste, and Abuse”?

**These terms are often grouped together – BUT they are not interchangeable.**

### FRAUD

Intentional deception for financial or other benefit.

### IMPROPER PAYMENT / ERROR

A payment that should not have been made — or was made in the wrong amount.

### WASTE

Poor or inefficient use of resources, without necessarily involving deception.

### ABUSE

Practices inconsistent with sound standards that may create unnecessary cost or misuse.

**The distinction that matters most: FRAUD REQUIRES INTENT.**

An improper payment, administrative error, or weak control is not automatically fraud.

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# Start With The Denominator

## $233B – $521B

**ANNUALLY**

GAO estimate of direct federal financial losses from fraud, based on FY 2018–2022 data

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### 3% – 7%

of average annual federal obligations during the period

### GOVERNMENT-WIDE

Not an estimate of fraud in any individual program or agency

### A MODELED RANGE

Not a tally of identified or adjudicated fraud cases

**The scale is extraordinary! But we have some follow-up questions…**

# So, Who's Committing the Fraud?

**There is no government-wide breakdown of the $233B – $521B estimate by perpetrator or program.**

**$233B – $521B**

**ESTIMATED FRAUD**

**WHO?**

**$100B – $135B**

**UNEMPLOYMENT INSURANCE FRAUD**
**GAO estimate, Apr. 2020–May 2023**
Large-scale identity theft and organized criminal schemes drove substantial losses.

**$200B**

**POTENTIALLY FRAUDULENT PPP & EIDL FUNDS**
**SBA OIG estimate**
Business-loan fraud • stolen identities • organized schemes

**739 CASES**

**RESOLVED HEALTH CARE FRAUD CASES REVIEWED BY GAO**
**62% involved a complicit provider • 14% involved a complicit beneficiary**

**When you hear a large fraud number, ask:** ***Which program? What scheme? Who committed it?***

**$233B – $521B ≠ $233B – $521B in people lying to get benefits**

# What Is The Administration Reporting?


| $245.7B | $62.9B / YEAR | $59.1B |
|---|---|---|
| **FRAUD "UNCOVERED"** | **FRAUD "STOPPED"** | **FRAUD "ENFORCED"** |
| Estimated fraud identified through data analysis | Annualized savings attributed to administrative actions | Indictments, settlements & civil monetary penalties |

## … but what do these figures actually measure?

| UNCOVERED | STOPPED | ENFORCED |
|---|---|---|
| Estimate or identified loss? | Loss avoided – or money recovered? | Is this alleged loss, penalties assessed, or money actually recovered? |

## A headline "fraud" number is only as useful as the methodology behind it.

*Source: White House Task Force to Eliminate Fraud, Fraud.gov | August 2026*

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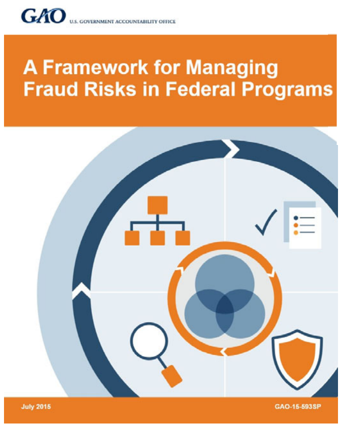
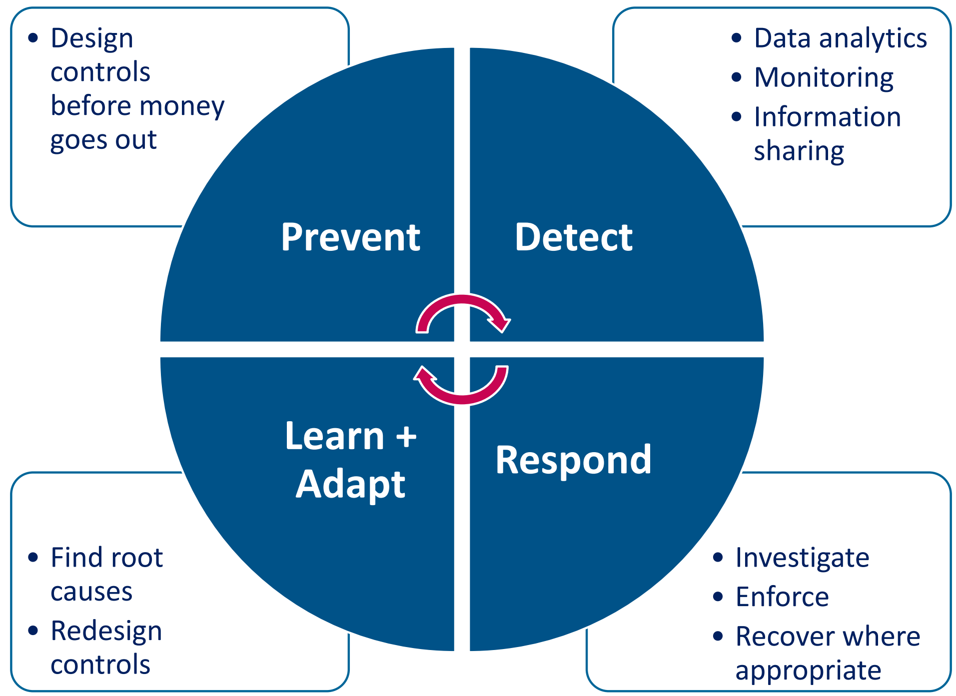
# What Independent Oversight Tells Us

**You can't enforce your way out of every fraud risk.**




**Program integrity is a systems-design challenge.**

**GAO continues to identify recurring challenges across federal programs:**

# When Compliance Becomes an Enforcement Issue

## False Claims Act

The FCA can create civil liability when a person or organization **knowingly**:

- submits a false or fraudulent claim for federal payment; or
- makes a false statement material to a claim.

## Where This Can Show Up

- **Applications**
- **Certifications**
- **Payment requests**
- **Representations**

**GRANT CONDITIONS**
***We'll return to challenges involving federal grant terms and conditions in the litigation section.***

# CAPLAW Resource

## Certifications and More: The State of Federal Grantees and Anti-Discrimination Law

March 2026

Eliminating illegal diversity, equity, and inclusion (DEI) policies and practices is a key focus of this administration. With enforcement of federal anti-discrimination laws now directly tied to the loss of grant funds and programs, understanding what compliance looks like is critical. An analysis of last year's events and developments provides helpful insights that can inform a Community Action Agency's (CAA's) future actions. Although federal anti-discrimination laws have not significantly changed in the last year, knowing where movement has occurred on federal interpretations and enforcement of those laws can assist CAAs with addressing current questions and preparing for what might come.

This article provides an overview of the administration's multi-pronged approach to implementing its anti-discrimination initiatives, including by issuing executive orders and federal agency guidance and updating the terms and conditions in federal grant agreements. It also discusses another proposed change on the horizon that would impact all federal grantees: new System for Award Management (SAM or SAM.gov) certifications related to illegal DEI and other administration priorities.

**Federal Anti-Discrimination Law**

Federal anti-discrimination law, sometimes called civil rights law, includes a swath of laws that prohibit discrimination on the basis of protected characteristics (i.e., race, national origin, sex, disability). These protections apply to CAAs as both employers and as service providers. The Equal Protection Clause of the 14th Amendment to the U.S. Constitution generally protects individuals against discrimination based on their race, gender, national origin, and other traits. In addition to this constitutional protection, two major categories of anti-discrimination laws exist: those that apply to the federally-funded programs, services, and benefits an organization provides and those that apply in the employment context.

Title VI of the Civil Rights Act of 1964 (Title VI) applies directly to CAAs as federal grantees. Title VI prohibits discrimination based on race, color, or national origin in programs or activities that receive federal financial assistance. CAAs are prohibited under Title VI from discriminating in the provision of their federally-funded services based on such classifications. Section 1981 of the Civil Rights Act of 1866 (Section 1981) is another anti-discrimination law that applies to certain programs and prohibits racial discrimination in the making and enforcement of contracts. See CAPLAW's article *Supreme Court Corner: Update on Anti-Discrimination in Federal Grantmaking* for additional information on Section 1981.

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# Two Very Different Oversight Stories

**Control design matters**
**ASK: what's the goal?**

| | MEDICARE SKIN SUBSTITUTES | ARIZONA SNAP |
|---|---|---|
| **VULNERABILITY** | **$252M → $10B+**<br>ASP-based reimbursement created powerful incentives around product price and utilization. | **High payment-error rates → state penalties**<br>Federal policy raises the financial stakes for states with persistently high error rates. |
| **CONTROL** | **CHANGE THE PAYMENT INCENTIVE**<br>CMS redesigned the reimbursement methodology. | **INCREASE VERIFICATION**<br>Arizona increased documentation and verification requirements. |
| **CONSEQUENCE** | **Projected 90%+ reduction in 2026 spending**<br>The intervention targets the financial incentive that helped create the vulnerability. | **Eligible households face new barriers**<br>More paperwork and administrative strain can mean delays, denials, and benefit loss. |

Effective program integrity targets the underlying vulnerability without creating unnecessary barriers.

# Congress is Shaping Oversight

POLICY

## Voters are split as GOP focuses on fraud

Party affiliation is a good indicator of whether health costs are a top priority


*CQ RollCall, July 21, 2026*

## LEGISLATION

- **H.R. 8463 — Pre-Payment Fraud Prevention and Treasury Data Access Act:** Expands Treasury access to federal and state data for pre-payment fraud and improper-payment checks. (*Passed House — voice vote*)
- **H.R. 8464 — Stopping Fraudulent Payments Act:** Allows agencies to delay, condition, or segment payments determined to present an elevated risk of fraud. (*Passed House — 218–200*)
- **H.R. 9811 — Anti-Fraud Fund Act of 2026:** Creates an Anti-Fraud Fund using recovered health-care fraud dollars to support fraud prevention, enforcement, and recovery. (*Introduced; referred to Ways & Means and Energy & Commerce*)
- **H.R. 9721 — Fiscal Sponsorship Transparency Act of 2026:** Establishes new reporting and disclosure requirements for 501(c)(3) fiscal sponsorship arrangements. (*Approved by Ways & Means — 23–15*)
- **H.R. 2069 — Stop Secret Spending Act of 2025:** Requires federal other transaction agreements to be included in federal spending-transparency reporting. (*Passed House — voice vote; passed Senate — unanimous consent*)

**JULY HEARINGS**

**HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**
*Emerging Fraud Threats and the Evolving Fraud Landscape*

**SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS**
*Exposing Fraud in America*

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# The Expanding Federal Anti-Fraud Mosaic

# Uniform Guidance and Federal Grants

# Disclaimer

*This material is supported by Grant Number 90ET0505-03 from the ACF Office of Community Services, Community Services Block Grant within the Administration for Children and Families, a division of the U.S. Department of Health and Human Services. Neither the Administration for Children and Families nor any of its components operate, control, are responsible for, or necessarily endorse this material (including, without limitation, its content and any services or tools provided). The opinions, findings, conclusions, and recommendations expressed are those of the author(s) and do not necessarily reflect the views of the Administration for Children and Families and the ACF Office of Community Services, Community Services Block Grant.*

*The contents of this resource are intended to convey general information only and do not constitute legal advice. Any communication through this resource or through CAPLAW's website does not constitute or create an attorney-client relationship. If you need legal advice, please contact CAPLAW or another attorney directly.*

# Uniform Guidance

## Structure

- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200)
  - Replaced the OMB Circulars in 2014
  - OMB significantly revised in 2020 & 2024
- Intended to provide a **standardized framework** for federal agencies to administer federal funds
  - Individual federal agencies (i.e., HHS) are permitted to adopt, interpret, or amend the UG to accommodate program needs

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# Uniform Guidance

## Structure

- Title 2: Federal Financial Assistance
  - Subtitle A
    - Part 1: About Title 2
    - Chapter 1: Government-Wide Guidance
    - Chapter 2: UG

| | | Part / Section |
|---|---|---|
| **Title 2** | Federal Financial Assistance | |
| **Subtitle A** | Office of Management and Budget Guidance for Federal Financial Assistance | 1 – 299 |
| **Part 1** | About Title 2 of the Code of Federal Regulations and Subtitle A | 1.100 – 1.305 |
| **Subpart A** | Introduction to Title 2 of the CFR | 1.100 – 1.110 |
| **Subpart B** | Introduction to Subtitle A | 1.200 – 1.231 |
| **Subpart C** | Responsibilities of OMB and Federal Agencies | 1.300 – 1.305 |
| **Chapter I** | Office of Management and Budget Government-Wide Guidance for Federal Financial Assistance | 2 – 199 |
| *Parts 2-24 [Reserved]* | | |
| **Part 25** | Unique Entity Identifier and System for Award Management | 25.100 – 25.400 |
| *Parts 26-169 [Reserved]* | | |
| **Part 170** | Reporting Subaward and Executive Compensation Information | 170.100 – 170.300 |
| *Parts 171-174 [Reserved]* | | |
| **Part 175** | Award Term for Trafficking in Persons | 175.100 – 175.300 |
| **Part 176** | Award Terms for Assistance Agreements That Include Funds Under the American Recovery and Reinvestment Act of 2009, Public Law 111-5 | 176.10 – 176.210 |
| *Parts 177-179 [Reserved]* | | |
| **Part 180** | OMB Guidelines to Agencies on Government-Wide Debarment and Suspension (Nonprocurement) | 180.5 – 180.1020 |
| *Part 181 [Reserved]* | | |
| **Part 182** | Government-Wide Requirements for Drug-Free Workplace (Financial Assistance) | 182.5 – 182.670 |
| **Part 183** | Never Contract with the Enemy | 183.5 – 183.35 |
| **Part 184** | Buy America Preferences for Infrastructure Projects | 184.1 – 184.8 |
| *Parts 185-199 [Reserved]* | | |
| **Chapter II** | Office of Management and Budget Guidance | 200 – 299 |
| **Part 200** | Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards | 200.0 – 200.521 |
| *Parts 201-299 [Reserved]* | | |

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# Uniform Guidance

## Structure

| | | |
|---|---|---|
| Subpart A | Acronyms and Definitions | 200.0 – 200.1 |
| Subpart B | General Provisions | 200.100 – 200.113 |
| Subpart C | Pre-Federal Award Requirements and Contents of Federal Awards | 200.200 – 200.217 |
| Subpart D | Post Federal Award Requirements | 200.300 – 200.346 |
| Subpart E | Cost Principles | 200.400 – 200.476 |
| Subpart F | Audit Requirements | 200.500 – 200.521 |
| Appendices | | I – XII |

# Uniform Guidance

## Notice of Proposed Rulemaking

- *Regulation for Federal Financial Assistance* (91 FR 32198)
  - NPRM published May 29, 2026
  - Comment period ended July 13, 2026
  - Proposed effective date is October 1, 2026
- These are proposed changes; UG has not (yet) been revised
  - Final rule may be different from the NPRM
- UG applies to the **use of federal funds**, not recipient activities supported by state or unrestricted $$
  - Unless state incorporates UG in state grant requirements

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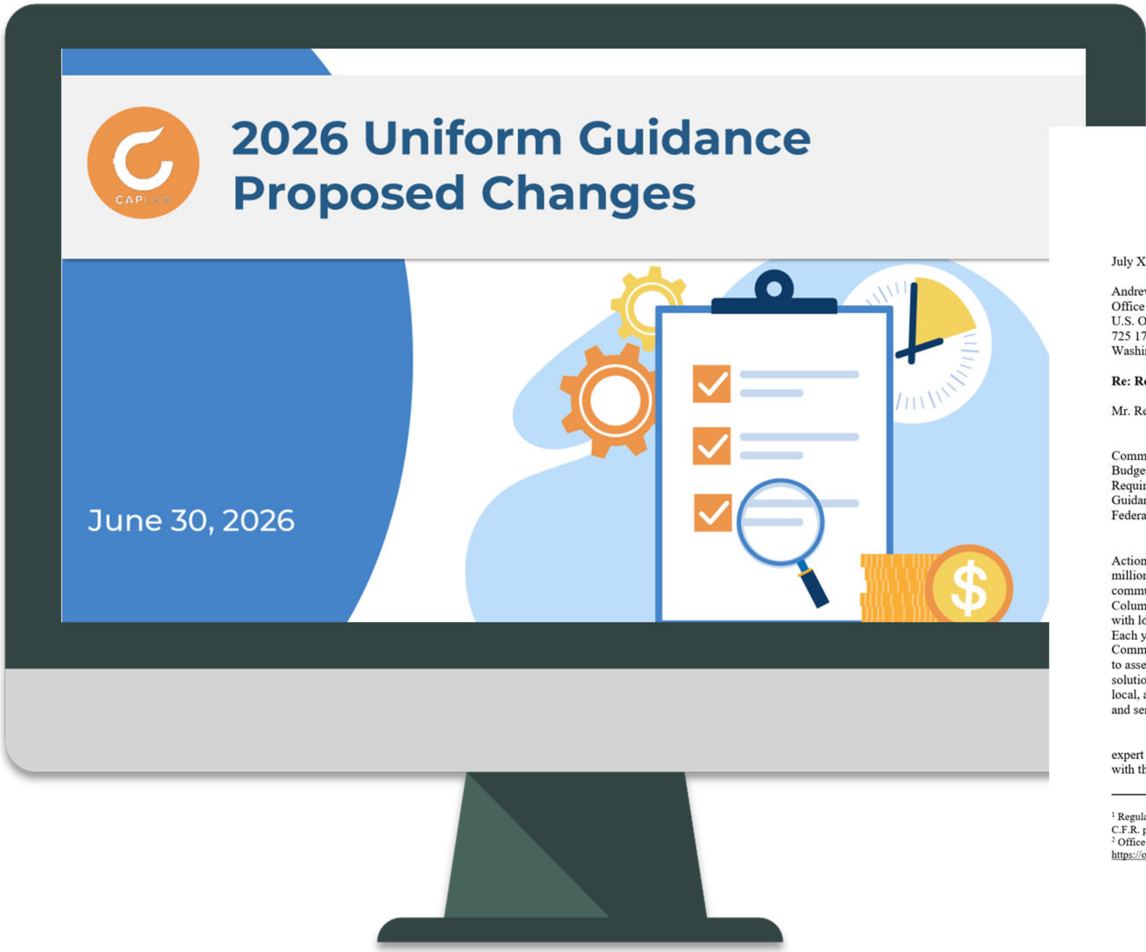
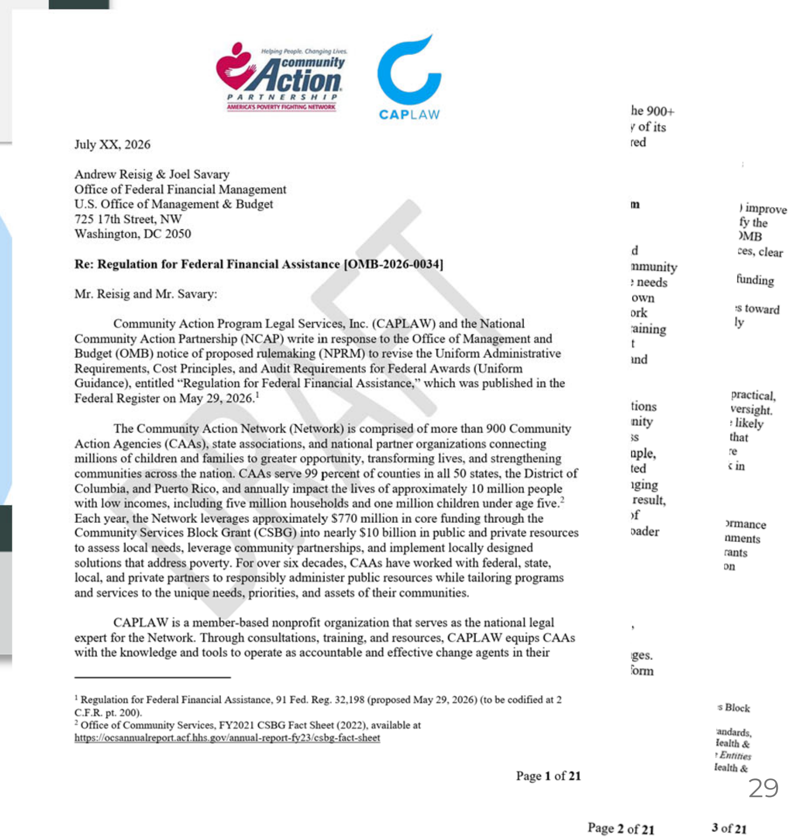
# CAPLAW Resources



July XX, 2026

Andrew Reisig & Joel Savary
Office of Federal Financial Management
U.S. Office of Management & Budget
725 17th Street, NW
Washington, DC 2050

**Re: Regulation for Federal Financial Assistance [OMB-2026-0034]**

Mr. Reisig and Mr. Savary:

Community Action Program Legal Services, Inc. (CAPLAW) and the National Community Action Partnership (NCAP) write in response to the Office of Management and Budget (OMB) notice of proposed rulemaking (NPRM) to revise the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), entitled "Regulation for Federal Financial Assistance," which was published in the Federal Register on May 29, 2026.[1]

The Community Action Network (Network) is comprised of more than 900 Community Action Agencies (CAAs), state associations, and national partner organizations connecting millions of children and families to greater opportunity, transforming lives, and strengthening communities across the nation. CAAs serve 99 percent of counties in all 50 states, the District of Columbia, and Puerto Rico, and annually impact the lives of approximately 10 million people with low incomes, including five million households and one million children under age five.[2] Each year, the Network leverages approximately $770 million in core funding through the Community Services Block Grant (CSBG) into nearly $10 billion in public and private resources to assess local needs, leverage community partnerships, and implement locally designed solutions that address poverty. For over six decades, CAAs have worked with federal, state, local, and private partners to responsibly administer public resources while tailoring programs and services to the unique needs, priorities, and assets of their communities.

CAPLAW is a member-based nonprofit organization that serves as the national legal expert for the Network. Through consultations, training, and resources, CAPLAW equips CAAs with the knowledge and tools to operate as accountable and effective change agents in their

[1] Regulation for Federal Financial Assistance, 91 Fed. Reg. 32,198 (proposed May 29, 2026) (to be codified at 2 C.F.R. pt. 200).
[2] Office of Community Services, FY2021 CSBG Fact Sheet (2022), available at https://ocsannualreport.acf.hhs.gov/annual-report-fy23/csbg-fact-sheet

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## Slide 29

**SA1** [@Allie Fiske] can you change this to the Uniform Guidance webinar, please? And include a screenshot of CAPLAW/NCAP's comments?

Savanna Arral, 2026-08-25T18:10:54.770

# Uniform Guidance

## NPRM Objectives

### Improving transparency, accountability, & oversight

- No fixed amount awards (§ 200.201, 333)
- Limitations on disparate impact (§ 200.218); viewpoint discrimination (§ 200.219); DEI & gender ideology  (§ 200.300)
- Written justification for payments (§ 200.305)
- Suspension & termination of discretionary awards (§ 200.340)
- Changes to cost principles (e.g., § 200.432, 421, 454)

### Clarifying the status of 2 CFR as regulation

### Reducing recipient burden

- English language requirement (§ 200.111)
- Moving/consolidating reporting to SAM.gov (§ 200.329)
- Revised NOFO application & review process (§ 200.204, 205)
- Frequency of revising OMB Compliance Supplement (§ 200.513)

# Uniform Guidance

## Appropriations Bill

- HR 6500, *Continuing Appropriations and Extensions Act, 2027* passed Senate and House as of September 1, 2026
  - Currently resolving differences and expected to become law
- Section 157:
  - "[T]hrough December 11, 2026, a rule to revise the . . . Uniform Guidance[], arising out of the [NPRM], or a substantially similar rule, **shall not be issued or finalized**."
  - "[I]f [the rule] is issued or finalized prior to the enactment of this Act, such rule **shall not have force or take effect** through December 11, 2026."

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# Deregulation

## Grant Rules

- *Reducing Bureaucracy and Burden for Community Services Programs* (91 FR 34783) amends HHS **block grant** regulations
  - Final rule June 9, 2026
- *Reducing Bureaucracy and Burden for Family Assistance Programs* (91 FR 48268) amends **TANF** regulations
  - Final rule July 31, 2026
- *Reducing Federal Burden for Head Start Programs* (91 FR 51248) amends **Performance Standards**
  - NPRM; comment period ends October 6, 2026

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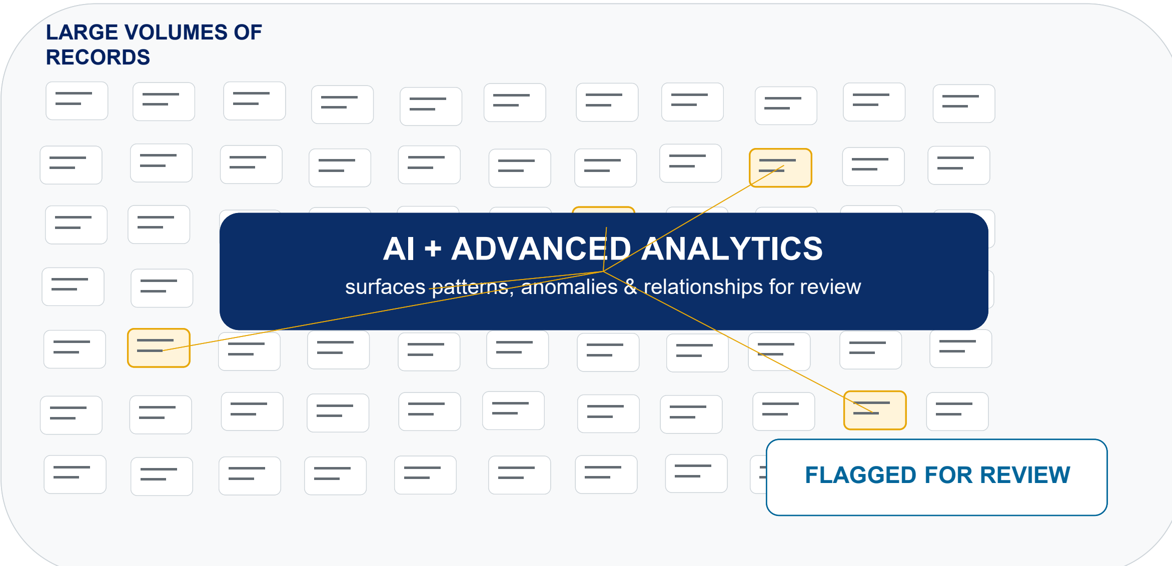
# Artificial Intelligence & Grant Oversight

# AI As An Oversight Tool

## From reviewing records one at a time → to identifying risk across entire datasets

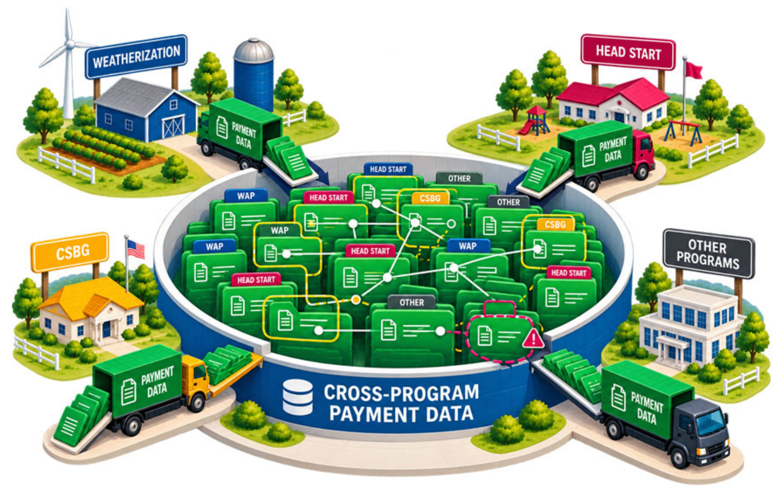



**WHAT ANALYTICS CAN SURFACE**

- **ANOMALY DETECTION**
  Unusual transactions or patterns
- **CROSS-DATASET MATCHING**
  Connections across separate sources
- **RISK SCORING**
  Prioritizing records for additional review
- **DOCUMENT REVIEW**
  Searching large volumes of submissions
- **PAYMENT SCREENING**
  Flagging potential issues before funds go out

**AI can expand the scale and speed of oversight—while potential risks still require review and judgment.**

# From Silos to A Cross-Program Paradigm


**1 | SEPARATE**

**Program data viewed in silos**

Weatherization Acres
*Est. 1976*

**2 | COLLECT + ANALYZE**

**Data viewed across programs**

**When data is connected across programs, new relationships and patterns become visible.**

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# What AI Changes For Grantees

**GREATER CROSS-PROGRAM VISIBILITY + ANALYTIC CAPABILITY**

### SURFACE UNUSUAL PATTERNS

**Earlier Detection**
Actual problems may surface sooner.

**False Positives**
Unusual does not necessarily mean improper.

### CONNECT INFORMATION ACROSS CONTEXTS

**System-Level Insight**
Recurring issues may be easier to see.

**Loss of Context**
Similar activity can have different explanations.

### REUSE INFORMATION ACROSS SYSTEMS

**Less Duplicative Review**
Existing information could reduce repetition.

**Data Quality Compounds**
Incomplete or outdated data can affect analysis.

### FOCUS OVERSIGHT ATTENTION

**More Targeted Oversight**
Reviews may focus on stronger risk indicators.

**Expanded Scrutiny**
A signal in one context could draw attention elsewhere.

**FOR GRANTEES:**
**CONSISTENCY ACROSS SYSTEMS MATTERS MORE**

Information created for one program or purpose may increasingly be viewed alongside information from elsewhere.

# Form 990 & Tax-Exempt Organization Developments

# Form 990 – More Than A Tax Filing

## APRIL 23, 2026: Treasury announces Form 990 Transparency Initiative

### THREE AREAS TREASURY IDENTIFIED FOR CLEARER OR ENHANCED REPORTING

**GOVERNMENT GRANTS**

Sources and uses of government funding

**GOVERNMENT CONTRACTS**

Government contract revenue and related activities

**FISCAL SPONSORSHIPS**

Who operates projects, who controls funds, and how funds are used

**TREASURY'S STATED GOALS**

Greater transparency · Better tax administration · Clearer visibility into public funding · Fraud and abuse prevention

**DETAILS STILL TO COME**

Specific requirements · affected sections/schedules · timing

### EXPECTED PROCESS BEFORE FINAL CHANGES

PROPOSED REGULATIONS → PUBLIC COMMENT → FINAL CHANGES

**Direction announced. Exact Form 990 revisions have not yet been proposed.**

# What To Watch On Tax-Exempt Oversight

## POTENTIAL IMPLICATIONS

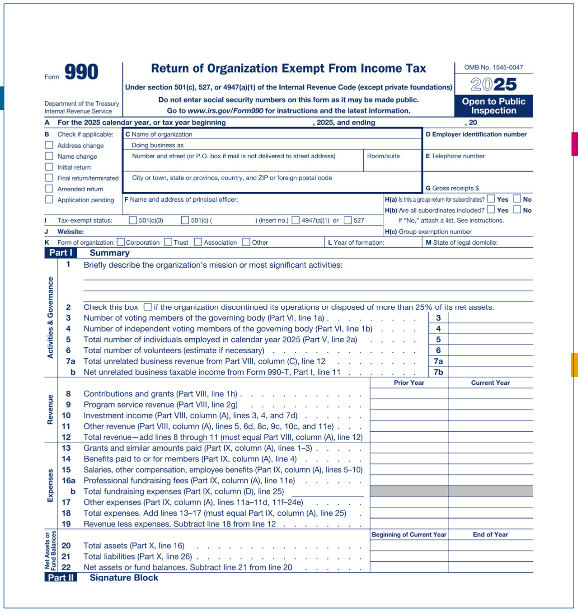
## MORE DETAIL

Government grants & contracts

**Source → Amount → Use**

**The nonprofit sector has also called for clearer reporting.**

Independent Sector previously recommended changes to improve how government revenue is identified and classified on Form 990.



Form **990** — Department of the Treasury, Internal Revenue Service

**Return of Organization Exempt From Income Tax**

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)**

**Do not enter social security numbers on this form as it may be made public.**

**Go to *www.irs.gov/Form990* for instructions and the latest information.**

OMB No. 1545-0047 — 2025 — **Open to Public Inspection**

**A For the 2025 calendar year, or tax year beginning , 2025, and ending , 20**

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending

C Name of organization

Doing business as

Number and street (or P.O. box if mail is not delivered to street address) — Room/suite

City or town, state or province, country, and ZIP or foreign postal code

**D Employer identification number**

E Telephone number

G Gross receipts $

F Name and address of principal officer:

H(a) Is this a group return for subordinates? ☐ Yes ☐ No

H(b) Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. See instructions.

I Tax-exempt status: ☐ 501(c)(3) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527

J **Website:**

H(c) Group exemption number

K Form of organization: ☐ Corporation ☐ Trust ☐ Association ☐ Other — L Year of formation: — M State of legal domicile:

**Part I Summary**

| | | | | |
|---|---|---|---|---|
| Activities & Governance | 1 | Briefly describe the organization's mission or most significant activities: | | |
| | 2 | Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets. | | |
| | 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | |
| | 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | |
| | 5 | Total number of individuals employed in calendar year 2025 (Part V, line 2a) | 5 | |
| | 6 | Total number of volunteers (estimate if necessary) | 6 | |
| | 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | |
| | b | Net unrelated business taxable income from Form 990-T, Part I, line 11 | 7b | |
| | | | **Prior Year** | **Current Year** |
| Revenue | 8 | Contributions and grants (Part VIII, line 1h) | | |
| | 9 | Program service revenue (Part VIII, line 2g) | | |
| | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | | |
| | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | | |
| | 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | | |
| Expenses | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3) | | |
| | 14 | Benefits paid to or for members (Part IX, column (A), line 4) | | |
| | 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | | |
| | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | | |
| | b | Total fundraising expenses (Part IX, column (D), line 25) | | |
| | 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | | |
| | 18 | Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25) | | |
| | 19 | Revenue less expenses. Subtract line 18 from line 12 | | |
| | | | **Beginning of Current Year** | **End of Year** |
| Net Assets or Fund Balances | 20 | Total assets (Part X, line 16) | | |
| | 21 | Total liabilities (Part X, line 26) | | |
| | 22 | Net assets or fund balances. Subtract line 21 from line 20 | | |

**Part II Signature Block**

Current Form 990 • illustration only

*Specific revisions have not yet been proposed.*

## MORE VISIBILITY

Fiscal sponsorships

**Project → Control → Funds**

## MORE SCRUTINY

Greater detail could make funding relationships and organizational activities easier to examine.

**The direction is clearer. The details—and implications—are not yet.**

Helping People. Changing Lives. Community Action Partnership — America's Poverty Fighting Network

# Litigation Affecting Federal Financial Assistance

# Litigation 101

## Life Cycle of a Civil Case

- Complaint & Answer
- Emergency Relief
- Discovery
- Hearings & Motion Practice
- Preliminary Decision(s)
- Appeal(s)
- Final Decision or Settlement

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# Administrative Procedure Act

**5 U.S.C. § 551 et seq.**

- Federal statute that governs how administrative agencies act (e.g., procedures for rulemaking)
- Only "final agency action" is **reviewable** by courts
- Courts may **compel or set aside** unlawful agency action
  - "arbitrary [and] capricious"
  - "contrary to constitutional right [or] power"
  - "in excess of statutory [] authority"
  - "without observance of procedure required by law"

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# SCOTUS Cases

## Term Starts October 5

- SCOTUS decides ~50-80 merits cases per year and *many* more via the **interim docket**
- Recent decisions of note:
  - *Trump v Slaughter* (25-332) & *Trump v Cook* (25A312)
  - *Rollins v RI State Council of Churches* (25A539)
- On the horizon:
  - *St. Mary Catholic Parish v Roy* (25-581)
  - *U.S. Doge Service v USDC for DC* (25-1103)
  - Emergency applications for **injunctive relief** or stay

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# Circuit/District Court Cases

## All Across the Country

- Cases challenging:
  - Recent **EOs** or other presidential documents
  - Agency policies or revised/retracted guidance
  - New or modified grant agreement **terms & conditions**
  - Termination or freeze of grant funding or programming
  - Restructuring of federal agencies
  - Rulemaking or lack thereof (i.e., failure to follow **APA**)
- Every case is at a different stage and moves at a different pace

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# Key Recent Cases

## Just a Sprinkling

- *Nat'l Assn. Diversity Officers in Higher Ed. v Trump* (D. MD)
- *City of Fresno v Noem* (D. CA)
- *Illinois v HUD* (D. CA)
- *Massachusetts v USDA* (D. MA)
- *San Francisco v DOE* (D. CA)
- *Chicago Transit Authority v DOT* (D. IL)
- *Nat'l Alliance to End Homelessness v HUD* (D. RI)
- *Planned Parenthood v HHS* (D. DC)
- *Woonasquatucket River Watershed Council v USDA* (D. RI)

# Tracking a Court Case

## For More Information

- Create a free Public Access to Court Electronic Records (PACER) account to view **federal dockets**
- Read SCOTUSblog case previews & opinion/argument analysis
- For SCOTUS cases, check Congressional Research Service publications for impact evaluation
- Subscribe to docket updates for specific cases on the Free Law Project's CourtListener
- Check Circuit Courts' websites for **argument schedules**
- Befriend a law school librarian with **legal database** access

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# CAPLAW Resources

### Further Court Action Taken on OMB Pause Memo

**February 3, 2025**

Two court cases were filed last week regarding the Office of Management and Budget's (OMB's) federal memorandum M-25-13 (OMB Memo) which attempted to

### Litigation Update: Executive Orders on DEI and More

**March 3, 2025**

### New Federal Grantmaking Executive Order

**August 12, 2025**

On August 7, 2025, the president released a new executive order, Improving Oversight

### Update: Lawsuit Continues to Pause PRWORA Changes

**September 12, 2025**

On September 10, 2025, the U.S. District Court for the District of Rhode Island issued a preliminary injunction effectively extending a pause in enforcement of recent interpretations of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) by several federal agencies.

As detailed in two prior CAPLAW News Flashes, *Lawsuit Pauses PRWORA Changes* (Aug. 7) and *Initial Reactions to HHS Notice Interpreting PRWORA and "Federal Public Benefit"* (July 10), federal agencies released notices this summer that significantly narrowed immigrant eligibility for certain public benefits impacting numerous programs and services offered by Community Action Agencies (CAAs), including CSBG and Head Start. Following the release of these notices, 21 state attorneys general sued the Department of Health and Human Services (HHS) and other government officials and agencies in Rhode Island federal court. A few days later, as a part of that case, the government agreed to "stay enforcement and application" of the notices until September 10, 2025.

The court's preliminary injunction applies in the 21 states that are party to the litigation and prevents the federal government from enforcing its recent PRWORA

### Update on Department of Energy Policy Litigation

**October 2, 2025**

CAPLAW has recently received questions regarding litigation related to a U.S. Department of Energy (DOE) policy, Financial Assistance Letter 2025-05 (the "FAL"). This News Flash is intended to address recent developments in the lawsuit shared by parties to the case but not yet formally released by the court.

Over the summer, DOE issued the FAL, which capped indirect and fringe benefit costs for recipients and subrecipients of DOE funds. Nineteen state (plus the District of Columbia) attorneys general filed a complaint against the DOE in Oregon federal court seeking to stop the implementation of the FAL—California, Colorado, Connecticut, Delaware, Hawai'i, Illinois, Kentucky, Maine, Maryland, Michigan, Minnesota, Nevada, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Washington, and Wisconsin.

The court held a hearing on a motion to determine part of the case on September 29, 2025. That hearing resulted in a "bench ruling" where the judge orally issued his decision immediately following the arguments. The judge's ruling is not currently available in writing. However, multiple attorneys general who are party to the lawsuit have issued press releases indicating the ruling was favorable to the states.

According to those press releases, the judge concluded that the FAL violated the

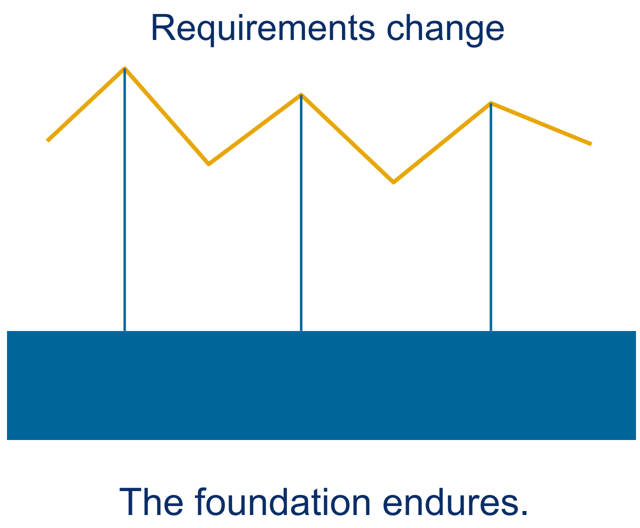
# Preparing Your Organization for the Evolving Oversight Environment

# Preparing for the Evolving Oversight Environment

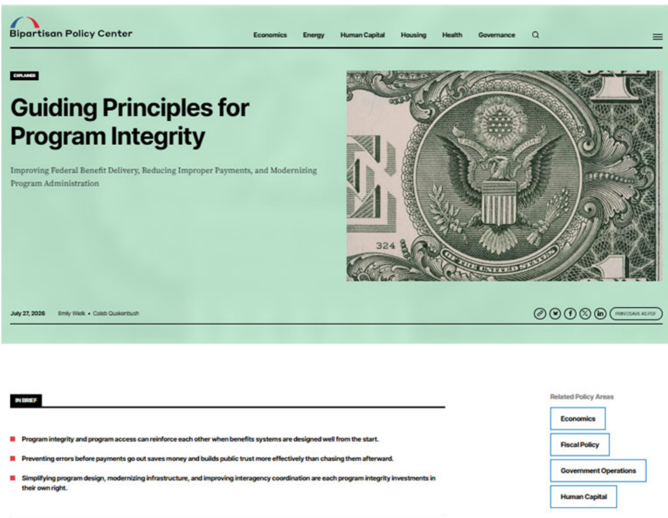
**WHAT IS CHANGING → WHAT CAN WE DO ABOUT IT?**

## You don't need to predict every new rule.

**Build systems that travel well across changing requirements.**



# Ask These 5 Readiness Questions


Bipartisan Policy Center

Economics Energy Human Capital Housing Health Governance

EXPLAINER

## Guiding Principles for Program Integrity

Improving Federal Benefit Delivery, Reducing Improper Payments, and Modernizing Program Administration

July 27, 2026 Emily Wielk • Caleb Quakenbush

IN BRIEF

- Program integrity and program access can reinforce each other when benefits systems are designed well from the start.
- Preventing errors before payments go out saves money and builds public trust more effectively than chasing them afterward.
- Simplifying program design, modernizing infrastructure, and improving interagency coordination are each program integrity investments in their own right.

Related Policy Areas

Economics

Fiscal Policy

Government Operations

Human Capital

*Bipartisan Policy Center, 2026*

## CAN WE EXPLAIN IT?

Can we clearly explain how federal dollars are used?

## DO WE DO WHAT WE SAY?

Are our policies written—and actually followed?

## DOES OUR DATA TELL THE SAME STORY?

Is information consistent across systems, submissions, and records?

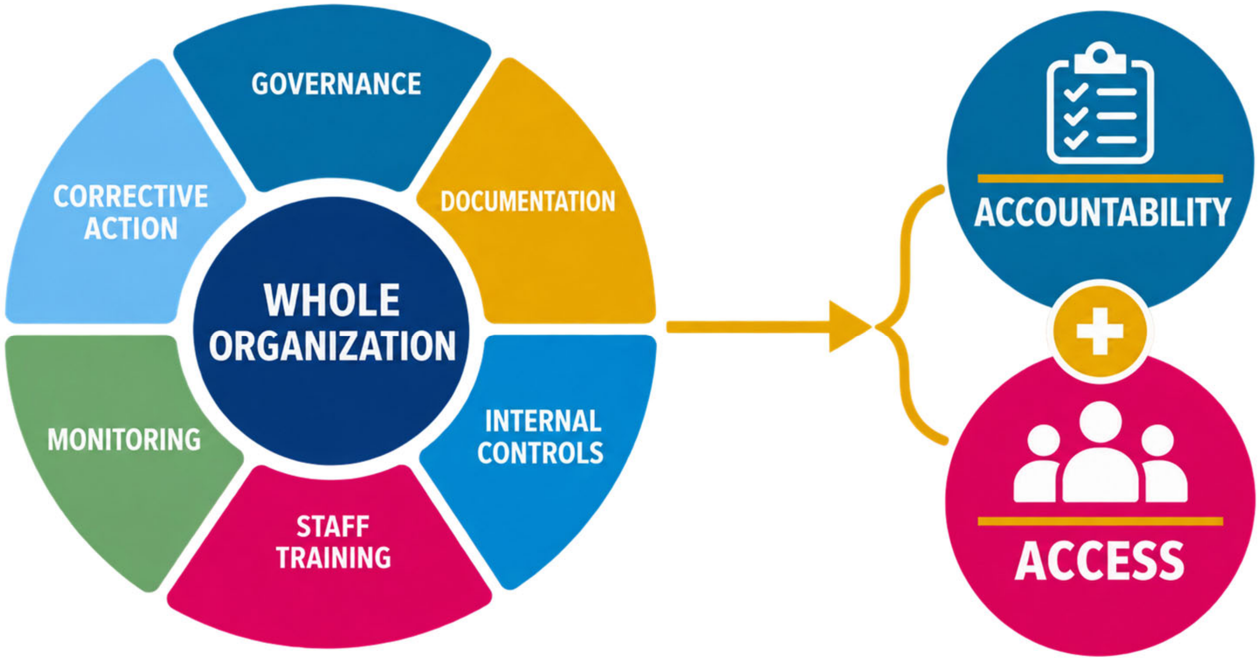
## CAN WE CATCH PROBLEMS EARLY?

Can we identify, investigate, and correct issues before they grow?

## WHO IS WATCHING THE HORIZON?

Who owns monitoring emerging federal requirements and organizational risk?

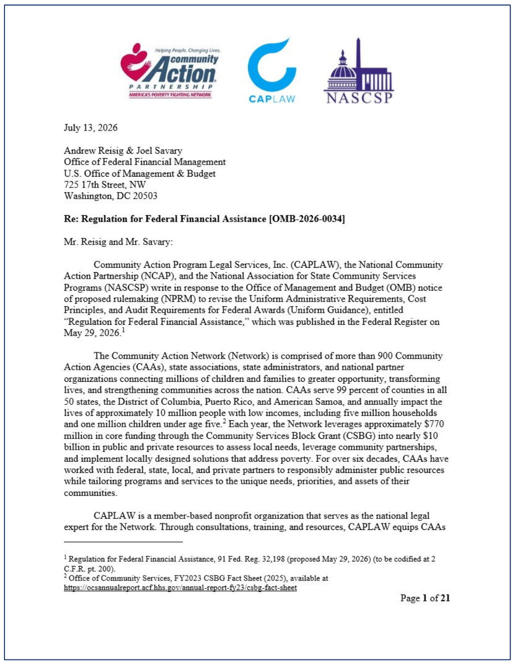
# Build for Accountability and Access




**Strong controls should protect public funds without creating unnecessary barriers for eligible people.**

# Questions, Discussion, and Looking Ahead

# Oversight Policy Resources



July 13, 2026

Andrew Reisig & Joel Savary
Office of Federal Financial Management
U.S. Office of Management & Budget
725 17th Street, NW
Washington, DC 20503

**Re: Regulation for Federal Financial Assistance [OMB-2026-0034]**

Mr. Reisig and Mr. Savary:

Community Action Program Legal Services, Inc. (CAPLAW), the National Community Action Partnership (NCAP), and the National Association for State Community Services Programs (NASCSP) write in response to the Office of Management and Budget (OMB) notice of proposed rulemaking (NPRM) to revise the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), entitled "Regulation for Federal Financial Assistance," which was published in the Federal Register on May 29, 2026.[1]

The Community Action Network (Network) is comprised of more than 900 Community Action Agencies (CAAs), state associations, state administrators, and national partner organizations connecting millions of children and families to greater opportunity, transforming lives, and strengthening communities across the nation. CAAs serve 99 percent of counties in all 50 states, the District of Columbia, Puerto Rico, and American Samoa, and annually impact the lives of approximately 10 million people with low incomes, including five million households and one million children under age five.[2] Each year, the Network leverages approximately $770 million in core funding through the Community Services Block Grant (CSBG) into nearly $10 billion in public and private resources to assess local needs, leverage community partnerships, and implement locally designed solutions that address poverty. For over six decades, CAAs have worked with federal, state, local, and private partners to responsibly administer public resources while tailoring programs and services to the unique needs, priorities, and assets of their communities.

CAPLAW is a member-based nonprofit organization that serves as the national legal expert for the Network. Through consultations, training, and resources, CAPLAW equips CAAs

[1] Regulation for Federal Financial Assistance, 91 Fed. Reg. 32,198 (proposed May 29, 2026) (to be codified at 2 C.F.R. pt. 200).
[2] Office of Community Services, FY2023 CSBG Fact Sheet (2025), available at https://ocsannualreport.acf.hhs.gov/annual-report-fy23/csbg-fact-sheet

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- U.S. Government Accountability Office — Fraud Risk Management: Federal Fraud Loss Estimates
- Bipartisan Policy Center — Guiding Principles for Program Integrity
- Congressional Research Service — Centralizing Access to Data to Prevent Improper Payments
- Federal News Network — Receiving Federal Funds Now Comes With a Different Kind of Risk Calculus for Grantees
- OMB / Federal Register — Regulation for Federal Financial Assistance — Proposed Rule
- NCAP, CAPLAW & NASCSP — Comments on OMB's Proposed Regulation for Federal Financial Assistance
- U.S. Department of the Treasury — Form 990 Transparency Initiative
- Independent Sector — Bipartisan Amendment Advances to Protect IRS Due Process for Nonprofits
- Protect Democracy — Nonprofit Toolkit: Resources for Organizations Facing Government Investigations
- CAPLAW — Resource Library

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The National Legal Experts for Community Action Agencies

caplaw.org

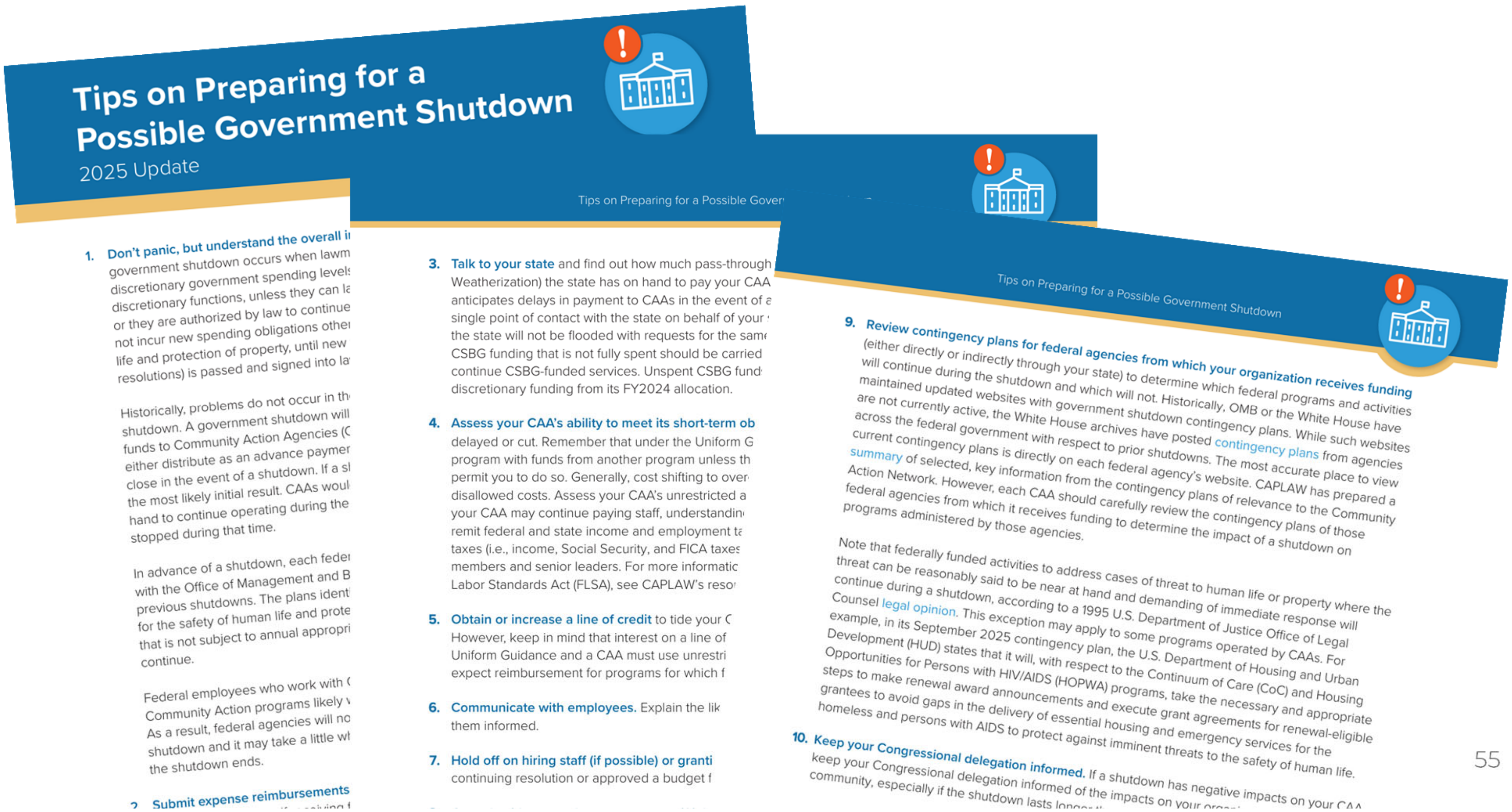
One-on-One Consultations

In-Person and Virtual Trainings

Online Resource Library

# CAPLAW Resource

## Tips on Preparing for a Possible Government Shutdown

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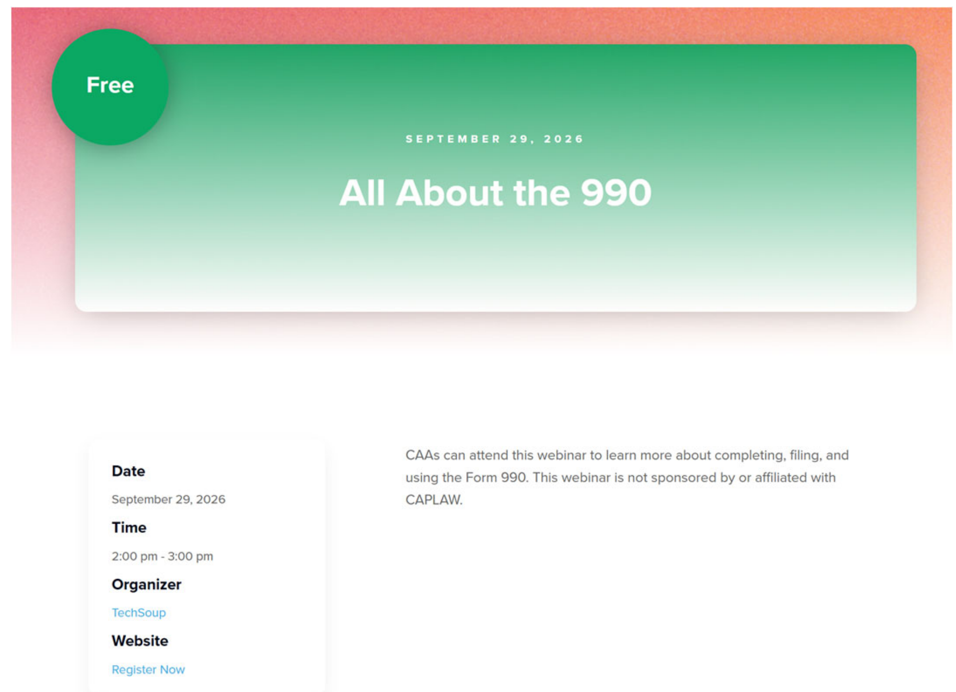
# Events & Trainings Calendar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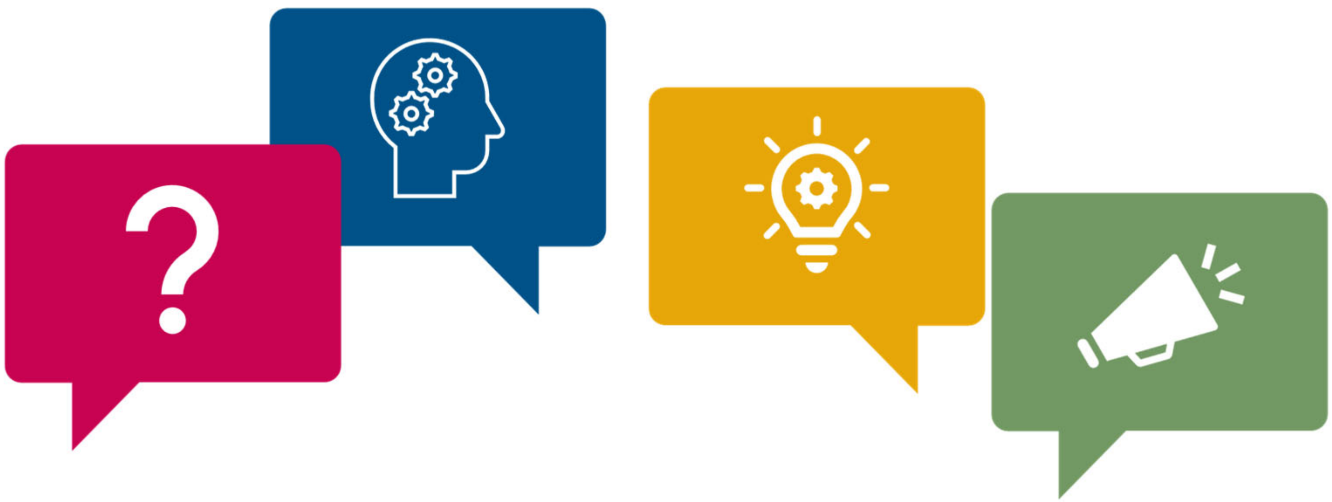
# Questions & Discussion



# Get in Touch!


Savanna Arral, Esq., CCAP
Staff Attorney
Community Action Program Legal Services (CAPLAW)
savanna.arral@caplaw.org

Ryan P. Gelman, Esq., CCAP
Director, Public Policy & Advocacy
National Community Action Partnership
rgelman@communityactionpartnership.com