

This article presents general guidelines for Georgia nonprofit organizations as of the date written and should not be construed as legal advice. Always consult an attorney to address your particular situation.

**Recent Executive Actions on Public Sector Loan Forgiveness and “Political Violence”
Signal Shift in Scrutiny of Nonprofits**

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Recent executive orders and presidential memorandums signal a potential shift toward increased scrutiny of nonprofit organizations, with possible implications to their 501(c)(3) status. While it is important to note that these directives do not revoke an organization’s 501(c)(3) status and cannot legally do so on their own—they reflect a change in policy priorities that could indirectly affect nonprofits engaged in advocacy, policy work, or other educational activities. The following sections provide a closer look at two executive directives and their potential implications for 501(c)(3) organizations. For more information on what a loss of 501(c)(3) status could mean for your organization, see [How Will a Georgia Nonprofit Organization Be Affected if its 501\(c\)\(3\) Status is Revoked?](#)

I. Executive Order Restoring Public Service Loan Forgiveness:

On March 7, 2025, the Trump Administration issued an Executive Order titled *Restoring Public Service Loan Forgiveness* (the “Order”) directing the Secretary of Education, in coordination with the Secretary of the Treasury, to propose revisions to the Public Service Loan Forgiveness Program (PSLF).¹ Congress enacted PSLF in 2007 to encourage Americans to enter public service by promising to forgive their remaining student loans after completing 10 years of service while making 10 years of minimum payments. The Order instructs federal agencies to revise PSLF eligibility so that individuals employed by organizations whose activities have a “substantial illegal purpose” will not be eligible to participate in the loan forgiveness program. The Order defines “substantial illegal purpose” as:

“(a) aiding or abetting violations of 8 U.S.C. 1325 or other Federal immigration laws;

(b) supporting terrorism, including by facilitating funding to, or the operations of, cartels designated as Foreign Terrorist Organizations consistent with 8 U.S.C. 1189, or by engaging in violence for the purpose of obstructing or influencing Federal Government policy;

¹ [Restoring Public Service Loan Forgiveness – The White House.](#)

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(c) child abuse, including the chemical and surgical castration or mutilation of children or the trafficking of children to so-called transgender sanctuary States for purposes of emancipation from their lawful parents, in violation of applicable law;

(d) engaging in a pattern of aiding and abetting illegal discrimination; or

(e) engaging in a pattern of violating State tort laws, including laws against trespassing, disorderly conduct, public nuisance, vandalism, and obstruction of highways.”

This Order could increase scrutiny of certain nonprofits whose activities may be viewed as falling within one or more of these five categories, potentially prompting heightened attention from certain federal agencies including the Internal Revenue Service (“IRS”). While this Order does not itself direct the IRS to conduct audits or change the requirements for maintaining 501(c)(3) status, increased scrutiny could lead to compliance reviews that, in turn, may implicate an organization’s 501(c)(3) status.² Nonprofits engaged in immigration work, civil rights advocacy, or diversity-related initiatives may therefore face greater risk of heightened scrutiny under this Executive Order.³

II. Presidential Memorandum Countering Domestic Terrorism and Organized Political Violence:

On September 25, 2025, the Trump Administration issued a National Security Presidential Memorandum (“Presidential Memo”) titled *Countering Domestic Terrorism and Organized Political Violence*, with the aim of directing a federal national strategy to investigate and disrupt networks, entities, and organizations that “foment political violence.”⁴ The Presidential Memo tasks the National Joint Terrorism Task Force, with coordinating efforts with different federal agencies such as the Department of Justice, Department of Homeland Security, Department of the Treasury, and federal law enforcement entities, to investigate, prosecute, and disrupt the financial operations of entities and individuals engaged in organized campaigns of political violence.

While this Presidential Memo does not directly amend the Internal Revenue Code, it has significant implications for tax-exempt organizations. Specifically, the Commissioner of the IRS is instructed to take action to ensure that no tax-exempt entities are directly or indirectly financing political violence or domestic terrorism. When evidence suggests that a tax-exempt organization

² [Executive Order Highlights Risks to Nonprofit Tax-Exempt Status | Husch Blackwell.](#)

³ For more information on student loans, see [Exploring Options for Student Loan Repayment Benefits for a Thriving Nonprofit Workforce.](#)

⁴ [Countering Domestic Terrorism and Organized Political Violence – The White House](#)

has engaged in such conduct, the Commissioner of the IRS must refer such entities to the Department of Justice for further investigation and possible prosecution.⁵

Following the issuance of the Presidential Memorandum, Attorney General Pam Bondi circulated a memorandum (“Bondi Memo”) on December 4, 2025, to all federal prosecutors, law enforcement agencies, and Department of Justice grant-making components, with guidance on how to implement the Presidential Memorandum.⁶

Notably, the Bondi Memo instructs federal law enforcement and federal prosecutors to consider any applicable tax crimes in cases in which extremist groups are suspected of defrauding the IRS and to refer such cases to the Department of Justice to investigate and where appropriate, prosecution.

Although the Presidential Memo and Bondi Memo do not explicitly revoke an organization’s 501(c)(3) status, they signal a policy shift that could lead to increased scrutiny of tax-exempt organizations perceived to be associated with organizations engaged in political violence and domestic terrorism. Organizations operating in politically sensitive environments may face increased scrutiny regarding their structure, funding sources, grant-making and compliance with federal tax law.

⁵ Sec. 2(j), Investigating Domestic Terrorist Organizations, [Countering Domestic Terrorism and Organized Political Violence – The White House](#)

⁶ Office of Attorney General, Memorandum for All Federal Prosecutors, Law Enforcement Agencies, Department of Justice Grant-Making Components, Implementing National Security Presidential Memorandum-7: Countering Domestic Terrorism and Political Violence, <https://www.taxnotes.com/research/federal/other-documents/justice-department-documents/investigate-terror-groups-potential-tax-crimes-doj-says/7tc7w>.