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## Nonprofit Champion | June 3, 2024

Federal

### Overtime Final Rule Takes Effect in July, Lawsuit Filed

In 27 days, the Labor Department's Overtime Final Rule is scheduled to take effect, requiring employers to pay "white collar" employees salaries of at least \$844 per week (\$43,888/year) for the employees to remain exempt from overtime pay of time and half of their hourly rates. Learn more about the [Overtime Final Rule](#). In late May, more than a dozen business organizations [filed suit seeking to block the Overtime Final Rule](#) from going into effect. Filed in Plano, Texas - the same division of the federal district court that struck down the proposed overtime rule at the end of the Obama Administration - the business groups seek the same outcome: to have the rule vacated/enjoined and declared beyond the Labor Department's authority. They hope to block the increases in the salary level thresholds from going into effect on July 1, 2024, as well as a separate, more significant hike on January 1, 2025. They are also asking the judge to block DOL's plan to index the thresholds for inflation every three years. The gist of their argument is this: "In a manner prohibited by this Court in 2017, the 2024 Rule raises the minimum salary threshold so high that the new salary threshold is no longer a plausible proxy for the categories exempted from

the overtime requirement by Congress.” It is impossible to accurately predict when or how the federal judge in Texas will decide on whether to block the rule from going into effect; nonprofits should be preparing now for the overtime changes to ensure compliance.

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## **Worth Reading**

- Complaint: [Plano Chamber of Commerce, et al. v. Su.](#), May 22, 2024.
  - [New Overtime Rule: Nonprofits May Need to Boost Pay for Nearly 500,000 Workers](#), Jim Rendon, *Chronicle of Philanthropy*, May 23, 2024.
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## **Overtime Webinars in the States**

Although the new DOL Overtime Final Rule is a matter of federal law, the adjustments nonprofit and other employers must make can be influenced by state labor laws. The following webinars hosted by state associations of nonprofits will likely provide the most direct answers to questions posed by charitable nonprofits in those states:

### **Arizona**

[To Exempt or Not To Exempt: Salary Bump Required By July 1](#)

AZ Impact for Good

June 26

### **Florida**

[Overtime Changes and the Effects on Nonprofits](#)

Florida Nonprofit Alliance

June 11

### **Iowa**

[What Nonprofits Need to Know about the New Overtime Rules](#)

Iowa Nonprofit Alliance

July 16

**Kentucky**

[New Overtime Rules - What Your Nonprofit Needs to Know](#)

Kentucky Nonprofit Network

Recorded on May 29

**Louisiana**

[Dealing with Major Shifts in Compensation & Employment Law 2024](#)

Louisiana Alliance for Nonprofits

June 17

**Maine**

[Overtime Salary Threshold Increase: What Nonprofits Need to Know](#)

Maine Association of Nonprofits

June 27

**Montana**

[Proposed Overtime Rule Change for Montana Nonprofits](#)

Montana Nonprofit Association

Recorded on March 28 and updated April 24

**Oklahoma**

[DOL's Final Overtime Rule: What This Means for Nonprofits](#)

Oklahoma Center for Nonprofits

June 5

**Tennessee**

## [Navigating the New Department of Labor Rules for Tennessee Nonprofits](#)

Tennessee Nonprofit Network

June 3

Utah

## [Navigating the New Final Overtime Rule and Ban on Non-Competes](#)

Utah Nonprofits Association

June 18

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## **Federal *FastView***

- **Offering Tax Policy Input:** In April, the House Ways and Means Committee [announced the creation of 10 tax teams](#) of Republican members of the Committee to evaluate tax proposals in advance of the 2025 tax legislative scrum. The Republican-only groups do not focus on charitable nonprofits directly, but several, including ones considering the American Workforce, Community Development, Rural America, and Working Families, will likely address issues important to the work of charitable organizations. In late May, the Committee Chair announced the opening of a new [comment portal](#) for the public to offer objections and solutions. While the [news release](#) takes a decidedly partisan tone, charitable organizations should see this as an opportunity to demonstrate the benefits of supportive tax policies, such as the charitable deduction, and to stress the need for additional tax reforms that will better enable organizations to advance their missions in communities. Comments will be accepted through **October 15, 2024**.
- **2023 Internal Revenue Service Data Book:** The Internal Revenue Service (IRS) released the [2023 Data Book](#), a report on its activities from October 1, 2022, through September 30, 2023, including its dealings with charitable and other organizations. In the most recent fiscal year, the IRS approved 86.3% of applications for tax-exempt status, for a total of 103,069. Of those, 98,417 were 501(c)(3) “religious, charitable, and similar organizations category.” There were nearly 2 million (1,999,457) tax-exempt organizations, nonexempt charitable trusts, and nonexempt split-interest trusts recognized in Fiscal Year 2023.

- **REMINDER - Student Loan Consolidation Deadline Extended to June 30**  
: The Biden Administration has extended the deadline for borrowers with outstanding Family Federal Education Loans (FFEL) loans, including parents with Parent PLUS loans, to consolidate them into a Direct Loan. The added time can be of great benefit to many borrowers because currently FFEL loans do not qualify for [Public Service Loan Forgiveness](#) (PSLF) but Direct Loans do. The Administration also announced that the [count adjustment is expected to be fully implemented](#) in September of this year, which will allow borrowers to “see a full and accurate count of their progress toward loan forgiveness.” Borrowers can receive credit toward PSLF for any month covered by the payment count if they meet employment requirements. Learn more about [how and why consolidation helps PSLF borrowers](#) and [how to maximize benefits](#) under the program.



## Voter Engagement

### ***Election Tip***

## **Hosting a Candidate Forum**

Remote video URL

A candidate forum is a great way for nonprofits to promote meaningful nonpartisan conversations that can build informed, empowered, and engaged voters and candidates. Learn what it takes to legally and successfully hold a nonpartisan candidate forum. Watch our video [Nonprofit Nonpartisan Election Tip: Candidate Forums](#) (10 min) with David Heinen, Vice President for Public Policy and Advocacy at North Carolina Center *for* Nonprofits and Tiffany Gourley Carter, Policy Counsel for the National Council of Nonprofits.

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### ***Worth Reading***

- [Voter outreach groups targeted by new laws in several GOP-led states are struggling to do their work](#), Ayanna Alexander, *Associated Press*, May 28, 2024.

# State and Local Fiscal Recovery Funds: Deadline Rapidly Approaching

State and local governments have until the end of this year to commit to spending – *i.e.*, “obligate” the funds via a written agreement – their share of the \$350 billion in [State and Local Fiscal Recovery Funds](#) (SLFRF). Charitable nonprofits, while eligible for SLFRF, have been included in only 4.0% of projects reported as of the end of 2023. More advocacy will be needed if community serving organizations hope to secure any of the estimated \$89.9 billion in unspent funds sitting in local and state governments. We include the following recent decisions by policymakers as examples and for inspiration:

- The City of York, **Pennsylvania**, announced that its [Nonprofit Economic Recovery Grant Program](#) awarded \$1.1 million in grants to 30 nonprofits in the city.
- In late April, the City Council in **Iowa** City approved a final round of \$4 million in [grants to nonprofits](#), including organizations that provide services to “those in Iowa who are financially disadvantaged or who lack opportunities.”
- Charitable nonprofits in **Indiana** can still apply for [grant programs](#) in Hamilton County and the City of Warsaw.

Charitable nonprofits are encouraged to contact their local government officials on the status of these funds and confirm whether the funds have been obligated. Learn more on how to access SLFRF funds by reading: [State and Local Fiscal Recovery Funds Still Available for the Asking. So Ask!](#).

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### ***A Case Study***

## **The Nonprofit Workforce Shortage Crisis Persists**

Since the depths of the pandemic, nonprofits have been [reporting severe workforce shortages](#) that have hindered their ability to maintain services, much less expand to

address growing needs. A new [report from the Center for an Urban Future](#) demonstrates that the difficulties continue for charitable nonprofits as they seek to serve their community while struggling to attract and retain qualified staff. A survey of major human service providers in **New York City** found that most had staff vacancy rates of 15% or more, including some with vacancy rates of at least 20%. Frontline positions at these nonprofits – such as cooks, residential aides at shelters, nursing assistants, and social workers – experience vacancy rates of upwards of 40%, indicating that direct service-delivery jobs are the hardest to fill. Putting the data in context, the Center’s Executive Director [Jonathan Bowles said](#), “As the city faces crises and they ask nonprofits to do more, expand their services to more homeless New Yorkers or to add new services for asylum-seekers, many nonprofits are saying 'we can't do that because we don't have the staff to even serve the existing populations that we've been in charge of.'”

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## ***Worth Quoting***

- “Human services nonprofit organizations have become more critical than ever to New York City’s functioning and well-being. These nonprofits deliver the lion’s share of safety net services to vulnerable New Yorkers. They have stepped up again and again in recent years to meet the challenges of multiple crises, from an unprecedented pandemic to the largest wave of immigration in a century to rising rates of poverty, food insecurity, homelessness, and mental illness.”

— Introduction to [Solving the Staffing Crisis Facing NYC’s Human Services Organizations](#), Melissa Lent, Center for an Urban Future, May 2024.

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## **Child Care Update**

As legislatures wind down, lawmakers continue to make final pushes to expand access to child care in their states.

- **Alabama:** The state has created a series of employer tax credits and a [nonprofit provider grant program](#) aimed at expanding child care opportunities. The grant program authorizes funding to nonprofit childcare providers of up to \$50,000 per year. A quarter of the \$5 million allocated to the grant program will

go to nonprofit providers operating in rural areas. The measure also provides tax credits for an employer's child care facility to pay for child care for employees, or to reserve services for child care for employees.

- **Colorado:** The Governor signed into law a bill [creating a refundable income tax credit](#) up to \$3,200 for certain taxpayers with eligible children under 5 years of age and up to \$2,400 for certain taxpayers with eligible children ages 6 to 16. The amount of the credit will decrease based on the taxpayer's income and it will only be available for tax years with a projected excess of state revenues due to the state's unique tax laws under the Taxpayer Bill of Rights (TABOR).
  - **Nebraska:** Newly enacted [spending legislation](#) appropriates \$300,000 for the [Intergenerational Care Facility Grant Program](#) to reduce legal and regulatory barriers that will allow certain nursing homes and assisted-living facilities to receive one-time startup costs up to \$100,000 to provide child care at the facility.
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## ***Worth Reading***

- [Women and Families Struggle with Child Care Following the Federal Funding Cliff, But Fare Better in States with Additional State Funding for Child Care](#), Shengwei Sun, National Women's Law Center, May 2024.
  - [America's child care shortage is pushing military families to a breaking point](#), Shannon Pettypiece, *NBC News*, May 27, 2024.
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## **Government Grants and Contracts Update**

Government grants and contracts reforms are still moving through legislatures as policymakers attempt to streamline processes for recipients, including nonprofits.

- **Connecticut:** A pending bill would mandate a [study of the state contracting process](#) to examine and streamline the state's processes when entering grants and contracts with nonprofits. The study would examine whether the state's staffing levels are adequate, identify complications that result from the tiered process of procurement, determine the feasibility of utilizing master contracts, and analyze the feasibility of carrying forward unspent contract funds to sustain operation of existing programs during payment delays. Gian-Carl Casa, CEO of the **CT Community Nonprofit Alliance**, [explained the need for the proposed](#)



[study](#): “This provision asks the state to review its systems so they can improve, which would be good for the state agencies as well as underfunded nonprofits and the people they serve.”

- **Illinois**: Legislators passed and sent to Governor Pritzker for his consideration a bill to require nonprofits with grants totaling more than \$1 million annually to post on their websites the aggregated [demographic information of the organization’s directors and officers](#). The required demographic categories include race, ethnicity, gender, disability status, veteran status, sexual orientation, and gender identity. The bill also instructs the Illinois Department of Human Rights to work with community partners to prepare and publish a standardized list of demographic classifications.
- **Maine**: Governor Mills [signed legislation](#) requiring the Maine Department of Health and Human Services to review the timeliness of payments to grantees of contracts for behavioral health services and housing assistance programs. It tasks the Department with identifying the reasons for any delays of payments and to compile its data into a report that must be submitted to the Legislature early next year. The Department is also required to provide written guidance to grantees of contracts regarding the process for them to request payment of late fees.

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### ***Got Student Loan Debt?***

## **Take the Public Service Student Loan Relief Survey**



The PSLF Coalition, which is leading efforts to simplify and advance student debt relief for nonprofit employees and others, wants to hear from you if you’re working at a charitable nonprofit or in public service and earning forgiveness under the Public Service Loan Forgiveness (PSLF) program.

[Take the 2-minute survey](#)

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## **Worth Watching**

On the state of nonprofits

- [Omaha nonprofits report overall decline in donation rate since COVID](#) (2:07), Taylor Johnson, *WOWT 6 News*, May 17, 2024, featuring the **Nonprofit Association of the Midlands**.
  - [Newport News organization supports nonprofits on the Virginia and Middle peninsulas](#) (2:11), Ashley Smith, *13 News Now*, May 23, 2024, featuring **NetworkPeninsula**.
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## **Numbers in the News**

**1.9%**

The gains in employment of working mothers in February 2024 relative to February 2020, tracing responses from mothers aged 25 to 54 with children under 18 in the household.

**Source:** [Mothers' employment has surpassed pre-pandemic levels, but the child care crisis persists](#), Erin George, U.S. Department of Labor Blog, May 6, 2024.

According to the analysis, some of the growth is attributed to the rise of telework accommodations, though not all industries are compatible with this option.

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## **June is**

- [Caribbean-American Heritage Month](#)
  - [Pride Month](#)
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## **Nonprofit Events**

- June 3, [Progress through Advocacy](#), Pennsylvania Association of Nonprofit Organizations.

## The Art of the Check-In

Effective advocacy rarely relies on one-and-done activities, such as making an introductory (*i.e.*, cold) call to ask for a vote. Almost always, relationships are key. State associations of nonprofits have mastered the artform of relationship building, including Nonprofit Days at the Capitol, regional meet-and-greets with elected officials, candidate forums, and more. Those big events can win friends and influence decisionmakers in powerful ways. Another form for ensuring nonprofits have the respect and attention of policymakers is the recurring “check in.”

[Read the full article](#)

## Stay in the Loop

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