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Federal

Overtime Final Rule Goes Into Effect in 14 Days, Court Permitting

The Department of Labor's [Overtime Final Rule](#) is scheduled to go into effect on July 1 – in just two weeks – unless a federal court intervenes. The revised regulations require employers to pay “white collar” employees salaries of at least \$844 per week (\$43,888/year) for the employees to remain exempt from receiving pay for overtime they worked at a rate of time and half of their hourly wages. A second, higher salary level threshold is scheduled to take effect on January 1. [Learn more about the rule](#). This month, the state of Texas filed a [federal lawsuit](#) challenging the Overtime Final Rule. This is the second lawsuit alleging that DOL exceeded its authority in issuing the rule. Both lawsuits were filed in the same federal district court in Texas that in 2017 struck down the proposed overtime regulations at the end of the Obama Administration. It is not possible 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.

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

Recorded June 11

Illinois

[IL Dept. of Labor Discusses New Employment Laws](#)

Forefront

July 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 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 March 28 and updated April 24

North Carolina

[2024 FLSA Overtime Rule and North Carolina Nonprofits](#)

North Carolina Center *for* Nonprofits

Recorded May 2024

Tennessee

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

Tennessee Nonprofit Network

Recorded June 3

Utah

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

Utah Nonprofits Association

Worth Reading

- [Nonprofits brace for financial strain under new federal rule](#), Marnie Taylor, *The Journal Record* (Oklahoma City), June 14, 2024.
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Court Blocks Race-Conscious Philanthropy

A [federal appeals court ordered](#) the Fearless Foundation, a 501(c)(3) nonprofit based in Atlanta, to suspend a grant program for businesses owned by Black women. The plaintiffs in the case (who represent three anonymous non-Black women who claimed to be eligible for grants under the program except for their race) allege that the grant program violates Section 1981 of the Civil Rights Act of 1866, which prohibits racial discrimination in private contracts. The case turned on whether the grants from the Fearless Foundation were indeed grants to awardees or contracts between the Foundation and recipients. The court found: “(1) that the [plaintiff] has standing and (2) that preliminary injunctive relief is appropriate because Fearless’s contest is substantially likely to violate § 1981, is substantially unlikely to enjoy First Amendment protection, and inflicts irreparable injury.” The case moves back to a federal trial court for further consideration.

Worth Reading

- [As Court Rules Against Fearless Foundation, Council, Independent Sector Stand by Commitment to Funders’ Right to Give in Line With Values](#), news release from Council on Foundations and Independent Sector, June 3, 2024.
- [Backlash against DEI spreads to more states](#), Erika Bolstad, *Stateline*, June 14, 2024.
- [Fearless Fund Ruling Could Challenge Business as Usual For Foundations](#), David Bowermaster, *Forbes*, June 11, 2024.
- [How business leaders and civic partners in small and midsize U.S. cities can advance racial equity and inclusive economic growth](#), Brookings Institution, June 10, 2024.

Federal *FastView*

- **Dismantling DEI:** On Friday, the House narrowly passed the defense policy bill that would [block DEI trainings and offices](#) at the Pentagon. Also last week, six Senators and 20 Representatives introduced a bill, the [Dismantle DEI Act](#) (S. 4516/H.R. 8706), that seeks to eliminate all federal programs that advance diversity, equity, and inclusion. The stated goal is to “unwind” programs and policies put into place by the Biden Administration by rescinding recent executive orders, terminate Chief Diversity Officers, and end critical race theory trainings, among other things. The ban would extend to organizations, including charitable nonprofits, that receive federal grants. It would specifically prevent the awarding of federal grants and contracts to entities that employ prohibited DEI practices. Neither bill is expected to become law as currently written.
 - **Extending the Affordable Connectivity Program:** Last month a [federal program](#) that had been providing 23 million eligible households a discount on their monthly internet bill ran out of funding. On June 12, Representative Gallego (D-AZ) introduced the Saving Americans' Valuable Earnings on the National Affordable Connectivity Program ([SAVE on ACP](#)) Act, a bill that would replenish the ACP with \$6 billion. The legislation would also “modernize eligibility and verification to eliminate waste, fraud, and abuse.”
 - **Securing Nonprofit Workforce Data:** With the exception of the charitable sector, virtually all other categories of employers get quarterly wage and employment data from the Bureau of Labor Statistics (BLS). For free. Charitable nonprofits seeking similar information must purchase the data from third parties or wait for BLS to produce a special dataset for nonprofits every five years or longer. In a [letter to key congressional leaders](#), a coalition of 30 national nonprofit organizations made the case for data parity, asking Congress to require BLS to incorporate nonprofit organizations in its quarterly surveys of employers. The organizations – which range alphabetically from the American Red Cross to the YWCA USA – highlighted that an investment in nonprofit data collection “would provide great value to the American economy, the nonprofit and philanthropic sectors, and – most importantly – the communities that these organizations serve.”
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Disparities Detailed in the Federal Income Tax System

A dozen aspects of the federal income tax system exacerbate disparities between Black, Latine, and White families across and within income groups, according to a recent [study from the Tax Policy Center](#). The analysis found disparate impacts when examining the tax treatment of labor and capital income, subsidies for higher education and charitable deductions, and family characteristics, such as marital status, children, and citizenship. Some of the findings are obvious – lower income individuals have fewer opportunities to accumulate wealth and property – and thus receive less or no benefit from tax breaks targeting capital formation and mortgage deductions. Regarding charitable deductions, the study reports that White families received 91% of the value of the tax deduction for charitable contributions in 2023, and that the tax benefit of the deduction for White families, on average, was about five to six times higher than for Black and Latine families. The report also discusses potential impacts of several alternative policy options for the tax treatment of homeowners, taxpayers filing individually versus jointly as a married couple, and lower-income families with children, and how each reform could improve racial equity within the federal individual income tax system.

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](#)



Voter Engagement

Election Tip

Volunteer as a Poll Worker!



Each election, millions of people across the country volunteer to [Help America Vote](#) by signing up to be a Poll Worker. These volunteers are essential to ensure elections run smoothly, and each voter's voice is heard. The United States Election Assistance Commission provides resources on requirements and how to sign up in all 50 states. The National Conference of State Legislatures has more information on [who should volunteer and what time commitments to expect](#). In a year in which the “logistics of administration” and “finding and adequately training poll workers” is [one of the top five concerns](#) for election officials, this is the time to donate your time if you can.

Worth Listening

- [1 in 10 eligible U.S. voters say they can't easily show proof of their citizenship](#) (3:30), Hansi Lo Wang, *NPR*, June 11, 2024, reviewing the potential consequences if Congress enacts a [law to require proof of U.S. citizenship](#) to register to vote in elections for federal office.

Worth Studying

- [New voter registration rules threaten hefty fines, criminal penalties for groups](#), Matt Vasilogambros, *Stateline*, June 7, 2024.

Employment Law Updates

State lawmakers continue to advance worker-friendly legislation. The latest actions focus on reducing the gender pay gap, lowering student debt burdens, and encouraging more retirement savings.

- **Pay Transparency:** This month, lawmakers in **Minnesota** and **Vermont** enacted pay transparency requirements for new hires in their respective states in an effort to close the gender pay gap. Both laws require employers to disclose the starting annual salary range or hourly wage in all new job postings. The Minnesota measure ([S.F.3852/ H.F.3587](#)), which only applies to employers with 30 or more employees, requires job postings to also include “a general description of all of the benefits and other compensation, including but not limited to any health or retirement benefit,” The Vermont law ([H. 704](#)) also prohibits employers from refusing to interview, hire, promote, or employ a current or prospective employee for asserting the right to know the compensation range.
 - **Student Loan Repayment:** A new Illinois law ([H.B. 4951](#)) establishes the Workforce Development through Charitable Loan Repayment program to facilitate student loan repayment assistance by qualified community foundations for qualified workers at nonprofits and certain other businesses. The law clarifies that loan assistance is not included as taxable income. [Forefront](#), the state association of nonprofits and philanthropy servicing organization in the state, supported the legislation as a “private sector solution for Illinois workforce needs”, stating, “When loans are repaid, workers’ income that would otherwise be spent on debt service begins circulating in the local economy instead.”
 - **Retirement Savings:** The **Rhode Island** Legislature has passed and sent to the Governor for his consideration a bill ([S.B. 2045](#)) that would establish a new retirement savings program for eligible employees of eligible employers, including nonprofits, that do not currently offer a retirement savings program. It would require automatic enrollment unless the employee opts out.
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State Charitable Giving Incentives Update

Charitable giving incentives have been top of mind for state legislators this spring, and the results are showing.

- **Colorado:** Last month, Governor Polis signed into law a bill ([SB24-016](#)) that will permit a taxpayer to claim a state income tax credit for making a contribution to a charitable organization that collects charitable contributions from donors and forwards those gifts to the designated charitable organization to the same extent as if the taxpayer had made the contribution directly to the designated charitable organization.
- **Illinois:** The newly enacted state budget includes the [Illinois Gives Tax Credit Act](#) (“Illinois Gives”) that authorizes a 25% state income tax credit for donations to eligible permanent endowments held by dozens of community foundations in the state.
- **Maryland:** The state extended and enacted two charitable giving incentives this year. One measure ([H.B. 490](#)) extends for three more years the state income tax deduction up to \$1,000 for donations of diapers, feminine hygiene products, child hygiene products, and cash donations to certain qualifying charitable nonprofits. The other ([S.B. 440](#)) creates a charitable tax credit up to \$75 for qualified expenses incurred for processing and donating deer meat to certain qualifying charitable nonprofits.
- **Missouri:** Separate measures on the Governor’s desk would create charitable giving incentives for targeted purposes. Companion bills ([S.B. 1202/H.B. 1444](#)) would create a 50% tax credit for certain qualified nonprofit organizations with budgets less than \$5 million that provide recovery support services and assistance to justice-involved individuals and people in recovery from substance abuse disorders. Another measure ([H.B. 1731](#)) would establish a tax credit equal to 50% of the value of a donation made to a local nonprofit hospital foundation.
- **North Carolina:** A pending bill ([S. 355](#)) would reinstate a 25% tax credit for donations of real property for forest or farm preservation, fish and wildlife conservation, buffer zone, or floodplain protection.

Numbers in the News

\$1.1 trillion

The total value added by arts and cultural production in 2022, according to the Arts and Cultural Production Satellite Account by the U.S. Bureau of Economic Analysis. Findings also show that the arts and culture sector supported 5.2 million jobs and made up 4.3% of the economy.

Source: [Creative Economy State Profiles](#), National Assembly of State Arts Agencies, accessed June 17, 2024.

1.1 million

The total jobs in the child care industry nationwide as of May 2024. The data also show that there was a 21.4% increase in child care jobs since April 2021, when American Rescue Plan Act distributions began.” However, many nonprofits report concerns about funding cliffs when all sources run out or expire.

Source: [Child Care Sector Jobs: BLS Analysis](#), Center for the Study of Child Care Employment, June 10, 2024.

Advocacy in Action

A Nonprofit’s Quick-and-Dirty Guide to Meeting Elected Officials

by Kevin Dean

So, you’ve landed a meeting with your elected official – a chance to champion your nonprofit’s cause and make a real difference. But let’s be honest, that first meeting can feel intimidating. Don’t worry, it’s perfectly normal to have a few butterflies! At my first Lobby Day in Washington, DC, I was terribly nervous! Not only did I accidentally get melted chocolate all over my suit (I’m still blaming Andrea!), I also had a near panic attack when a legislative aide asked me a question I couldn’t answer. He wasn’t even a Congressman, and I was sweating bullets. Imagine if it had been a Senator!

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