Moral support for fair labor standards
Many nonprofits expressed sentiments that raising salary levels and paying for overtime are good for the people nonprofits serve and for nonprofits’ employees.

...yet mixed with operational anxiety
With already overstretched budgets, underfunded grants and contracts, and government spending cuts, many nonprofits are trying to figure out how to continue to provide the same level of services with increased costs, but no reliable place to turn for additional revenue.

Concern for the Public
The concerns nonprofits shared weren’t for their own organizations, but for those they serve.

People in communities will become unintended collateral damage unless transitional solutions are put in place to cover the increased costs of service delivery.

Between a Rock and a Hard Place
Nonprofits with government grants and contracts often are stuck in binding agreements that don’t cover the increasing overtime costs. Unlike businesses, nonprofits can’t just raise prices to cover the higher expenses, and unlike governments, nonprofits can’t raise taxes or cut services. Nonprofits typically are bound, in writing, to provide specific services at reimbursement rates agreed to before the change in law.

Nonprofits Already Subsidizing Governments
Nonprofits expressed frustration that government grants and contracts already fail to pay the full costs of services and some agreements even cap overtime. The Overtime Final Rule will go into effect in a “system” in which nonprofits and their private funders already are subsidizing governments. Nonprofits do not have the resources to fill these over-governing funding gaps.

Confusion about Current FLSA Requirements
Comments submitted in response to the survey indicate that now would be a good time for nonprofit employers to review their compliance with all aspects of the Fair Labor Standards Act and related state laws.

SOLUTIONS
Grant/Contract Reopener
Nonprofits need ways to reop or renegotiate existing government grants and contracts either to receive reimbursement rates that factor in the increased costs or adjust performance obligations.

Short-Term Transition Support
Private funders can help alleviate the stress caused by the Overtime Final Rule by providing additional resources during the interim phase of implementation (the first couple of years) and by offering funds to enable their grantees to conduct audits and make upgrades to human resources systems to ensure full compliance with federal and state wage and hour laws.