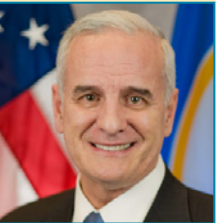
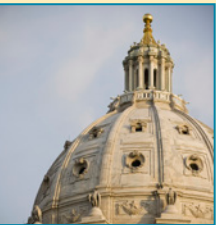


Nonprofit News

SPECIAL EDITION: A Session Wrap-Up



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U.S. Department of Labor Releases Overtime Rules

In May 2016, the U.S. Department of Labor issued new rules governing overtime pay that cover most nonprofit employers. Most notably, a significant number of employees who were previously exempt will be entitled to the minimum wage and overtime unless their salaries are increased substantially.

The Fair Labor Standards Act (FLSA) requires covered employers to pay the minimum wage and overtime to employees unless they are exempt from these requirements. The new regulations affect the white-collar exemptions. These exemptions—which include the popular administrative, professional and executive exemptions—are applicable only to employees who are paid a minimum salary and who perform duties that qualify for the exemption (more information is available at www.dol.gov/whd/overtime/fs17a_overview.htm). While the new regulations change the salary threshold, the duties tests remain unchanged.

Currently, employers are required to pay employees who qualify for the white collar exemptions a salary of at least \$23,660 per year (or \$455 per week). Under the new

Continued on page 3

Working Family Tax Credit Expands Economic Opportunity

Tight family budgets make it hard for many Minnesotans to pay for child care, education and training, transportation or other things they need to succeed. At the same time, Minnesota's economic future depends on more Minnesotans reaching their full potential in the workforce.

Given these conditions, MCN's Minnesota Budget Project made the case that supporting Minnesotans' work efforts should be a priority in the 2016 Legislative Session and identified expanding the Working Family Tax Credit as an effective tool to do so.

The Working Family Credit encourages and supports work, helps working people to meet their basic needs and gets children off to a stronger start. It also can play a role in narrowing Minnesota's racial and geographic economic disparities, as an estimated 30 percent of eligible households are people of color, and the households who receive the credit are about equally divided between Greater Minnesota and the Twin Cities metro area.

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MCN is pleased to offer its members this Special Edition Nonprofit News to recap the 2016 Legislative Session.

For more information on MCN's work at the Capitol, visit www.minnesotanonprofits.org, or subscribe to The Nonprofit Advocate at www.minnesotanonprofits.org/subscribe.

Nonprofits and Changing Employment Laws, E-Learning and Capitol Pathways

By Jon Pratt, MCN executive director

A fair day's pay for a day's work

The United States Department of Labor's overtime rule is an important policy change that is an example of a nationwide trend to improve employment and employment conditions for America's workers. No doubt, this one is significant, and will be difficult for some nonprofit employers to adjust to. But, it should not be one that we try to avoid.

We find that Minnesota Council of Nonprofits' members, in general, have tremendous philosophical support for policy changes that improve employment. Our operational challenges are real, and we must plan carefully to adjust. The cover article provides some important basic steps for all nonprofit employers. We are pleased to see that a special accommodation was made for disability service providers based on the unique challenge of their government funding structure. We appreciate the impact this is likely to make as additional employment policies are developed with the considerations of government funding as a part of the discussion.



Expanding E-Learning Offerings

Sondra Reis, MCN's current (and highly accomplished) associate director, is taking on a newly created position as MCN's director of e-learning. We are excited about the launch of this new initiative, building on MCN's success in developing content and sponsoring in-person conferences and workshops for the nonprofit sector. Sondra will continue in her current duties until the position of associate director is filled. If you have thoughts, suggestions or queries about e-learning for nonprofits, please reach out to Sondra Reis at sreis@minnesotanonprofits.org or 651-757-3075.

Developing pathways to the Capitol

During the 2016 legislative session, the Minnesota Council of Nonprofits was proud to participate in the inaugural year of the Capitol Pathways internship program. We welcomed a terrific student from Anoka Hennepin Technical College, Hamza Ali, to join our policy staff during the legislative session.

The Capitol Pathways program was the brainchild of a group of Humphrey Policy Fellows who identified a problem: there are very few people of color at the state Capitol. As a result, access to policy makers is not representative of the population, and policy decisions do not include many important voices. Like nonprofit innovators, they set out to address the problem and make lasting change.

They launched Capitol Pathways as a program of the Citizens League and recruited organizations (nonprofits and others) that work at the Capitol as hosts, providing paid internships at the Capitol for students of color during the 2016 legislative session. In addition to the on-the-ground experience with their hosts, interns attended monthly "capacity-building" days with the entire cohort, where they heard from special speakers and learned more about the legislative process. They captured the attention of advocates, policy makers and the media in their wildly successful first year.

We thank them for their energy and ingenuity and look forward to hosting another intern in 2017.

If your organization would like to participate, please contact Pahoua Hoffman at the Citizen's League at phoffman@citizensleague.org or 651-289-1071.

Department of Labor Raises Overtime Pay Threshold

Continued from page 1

regulations, the salary threshold will more than double to \$47,476 per year (or \$913 per week) and will increase automatically every three years. The new rule is effective December 1, 2016. This is a significant change which will require adjustment by many nonprofit employers.

With fewer than six months until these rules go into effect, all nonprofit employers should make FLSA compliance a significant organizational priority. These steps will help your organization get started:

1. Assess whether or not FLSA applies to your organization either on an enterprise basis (organization-wide) or to individual positions.

2. Assess whether your current classification of employees (exempt or non-exempt) is legally compliant and up to date.

3. Determine if any currently exempt employees will become non-exempt (and eligible for overtime pay based on their rate of pay). For example, if a person meets the duties test for one of the white collar exemptions and makes \$40,000 per year, that person will be eligible for overtime pay under the new rule.

4. Determine whether those employees who will be newly eligible for overtime pay currently work more than 40 hours per week.

5. If employees that will be eligible for overtime pay currently work more than 40 hours a week, assess how your organization will adjust. Depending on your organization's values, budget, business model and employment

policies, options may include some combination of:

- Paying overtime to affected employees, increasing personnel costs.
- Establishing employment policies that limit work to 40 hours in a week, avoiding overtime obligations.
- Hiring extra staff to carry out the additional work, as an alternative to overtime payments.
- Increasing salaries to \$47,476 or above, avoiding overtime payments and time sheet recording.
- Reducing program activities.

6. In any case, ensure that all non-exempt employees (whether salaried or hourly, regardless of duties) and their supervisors have the tools to track and report their work in hourly increments starting on December 1, 2016.

Nonprofit boards and managers must comply with employment laws and the new FLSA overtime rules, and it will be a significant adjustment for many nonprofit employers. Both the MCN and U.S. Department of Labor websites have information to help employers adapt to the new rules. Additionally, some nonprofits may choose to consult an employment lawyer to ensure a smooth transition.

Quick Facts: New Overtime Rules

- Amount under which all eligible employees, regardless of duties, must be paid overtime if they work more than 40 hours per week: **\$47,476**
- Date by which employers need to comply: **December 1, 2016**
- Resources, webinars and trainings from MCN:
minnsotanonprofits.org/overtime
- For questions, please contact MCN's public policy director Susie Brown at 651-757-3060 or sbrown@minnesotanonprofits.org



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Tax Bill With Working Family Credit Not Signed

Continued from page 1

The Working Family Credit also makes the tax system fairer, as it is targeted to those modest-income Minnesotans who on average pay a larger share of their incomes in Minnesota taxes.

More than half of all states have credits like the Working Family Tax Credit that are based on the federal Earned Income Tax Credit (EITC) and build on the EITC's documented success in supporting work, reducing poverty and improving health and educational outcomes of children.

The Minnesota Budget Project and coalition allies called on policymakers to strengthen the credit this session by:

- Increasing the size of the credit that Minnesota households can receive;
- Making more families and workers eligible by raising the incomes they can earn and qualify for the credit; and
- Making the credit available for the first time to younger workers ages 21 to 24 without dependent children.

These improvements were contained in Senate File 2586 authored by Senator Ann Rest and House File 3589 by Representative Greg Davids, which would provide \$49 million in tax reductions to about 386,000 Minnesota families and individuals. Governor Mark Dayton also included significant improvements in the Working Family Tax Credit in his budget proposal.

In addition to the Working Family Tax Credit expansion, tax proposals to expand opportunity considered this session included strengthening the Child and Dependent Care Credit and boosting funding for nonprofits that

offer free tax preparation so they can serve more Minnesotans and provide financial capability services at tax time, such as opening a savings account. These proposals were all included in the 2016 tax bill passed by the Legislature.

However, a serious drafting error was found in the tax bill after the session had ended, and as a result, the Governor did not sign the tax bill into law.

As *Nonprofit News* goes to print, negotiations over a possible special legislative session were continuing, which could result in a corrected version of the tax bill being passed. If not, these issues are sure to be part of the continuing discussion of how to make working Minnesotans a priority in tax decisions.

For more information about the Working Family Tax Credit and the outcomes of a potential special session, visit the Minnesota Budget Project's blog and website. They can be found at minnesotabudgetbites.org and mnbudgetproject.org.

Equity Work Gains Momentum at the Capitol

Important progress was made to address Minnesota's persistent racial and economic gaps. After Governor Dayton made it a priority and the Senate established an Equity subcommittee, the Legislature passed \$35 million in funding for equity initiatives in FY 2017 and another \$35 million for FY 2018-19.

Funding includes direct appropriations to a wide range of organizations doing this work, as well as competitive grant programs that will be allocated through state agencies. Examples include:

- \$6.9 million in grants for the Latino, Somali, Southeast Asian and American Indian communities to address educational, employment and workforce disparities, and to support youth.
- \$1.5 million to promote high-wage, high-demand non-traditional jobs for women.

MCN applauds advocates, the Legislature and the governor for making this a priority.

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Major Public Policy Changes Underway Regarding Employment Conditions

By Susie Brown, MCN public policy director

It is remarkable how quickly we have entered the era of significant public policy changes designed to improve employment conditions and compensation for our workforce. Of course, it didn't emerge out of nowhere—organizations like the JOBS NOW Coalition have been laying the groundwork with decades of high-quality research. Their determined advocacy paved the way for the moment we're in. Whether increasing the minimum wage, providing paid sick time, paid parental leave or overtime pay, employment-related policy issues are all around us, at all levels of government, often being met with success.

After years of attention to these issues, why are they successful now?

First, some changes are sorely overdue. In particular, those related to wages—including Minnesota's minimum wage which hovered close to the bottom of the nation and the national Fair Labor Standards Act, which governs overtime pay—were set at rates that were grossly out of date and significantly below a livable wage.

Also, when unable to get traction at the state, advocates take these ideas to cities. Currently the issues of sick time, scheduling and a \$15 minimum wage are being raised in cities throughout the country. In Minnesota, sick time has either passed or is being considered in Minneapolis, St. Paul and Duluth. While these policies are best debated, passed and implemented on the state level, there is no doubt that the conversation will continue to happen in cities if passage at the state level is not available.

But perhaps most importantly, these issues are being raised and then passing because, largely, they are good for both employees and employers. Unfortunately the policy debates often pit one group against another. But we know that many employers already offer similar or better compensation and benefits to their employees as smart recruitment and retention strategies.

These changes will create new demands on the nonprofit sector's limited financial resources. But, we know that they are coming and the nonprofit sector will need to find ways to adjust. Here are two things your organization can do:

1. Consider whether you can implement some of these policies voluntarily. Making it an organizational priority before it is a government mandate means you can do it on your own terms. For example, MCN recently implemented a paid family leave program for our employees—a new benefit that will help us recruit and retain employees.
2. Focus on concerns that are unique to your organization, line of service, funding streams or government mandates that make a critical difference in the development of these policies. Bring those issues to policy makers and request that they address them in a practical way that will help your organization adapt. For example, some disability service organizations received an extended period to comply after raising important and specific concerns about government reimbursement rates being insufficient to cover the increased costs associated with the proposed overtime rule.
3. Raising a very specific concern, rather than opposing it outright, meant that the organizations were provided a delayed implementation date to address their unique circumstances.

Adjusting to all of these changes, especially when it seems that they are happening all at once, is a significant challenge for nonprofit organizations. But I am certain that one day we will look back on this time and appreciate the important progress that was made for Minnesota's workers.



Nonprofit Awards and Advancements



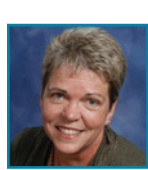
The Barn Theatre named **Zack Liebl** executive director.

The Twin Cities Jewish Chorale elected **Paul Eastwood** as chair of the board of directors.



Thomas Rosengren is now production manager at the Barn Theatre.

Amy Crawford is the new executive director at Metropolitan Regional Arts Council.



Lutheran Partners in Global Ministry welcomed **Rev. Julie Rogness** as executive director.

Two child-serving agencies recently closed their doors: **Community Initiatives for Children**, established in 1988, and **Parents United for Public Schools**, established in 2003.



Valerie Aas is the new development and communications director at Lutheran Partners in Global Ministry.

Touchstone Mental Health welcomed **Ellie Skelton** as executive director.



Trisha Zimmerman joined Second Harvest North Central Food Bank as the development and marketing manager.



SOAR Career Solutions welcomed **Jessica Erickson** as career specialist.

Kathy Gaalswyk, founding president of the Initiative Foundation, announced she will step down at the end of 2016 after 30 years of service.



Jessica McCarthy joined SOAR Career Solutions career specialist.

MCN News

MCN has welcomed several new employees in the last few months. Join us in welcoming them to the team.

Jesse Chang joined MCN as the AmeriCorps VISTA program coordinator. Before coming to MCN, Jesse served as a VISTA member in Illinois and Ohio.


Biftu Takele joined as MCN's nonprofit services assistant. She recently graduated from Macalester College and holds a degree in International Studies.

Deb Gorczychi is the accounting assistant. Deb comes to MCN with background in nonprofit work.

Rachel Wagner is the new office assistant. Rachel also works at Friends of the Boundary Waters Wilderness.

Submit Your Announcements

Visit MCN's Sector News at www.minnesotanonprofits.org/sector-news. Member organizations are invited to submit your organization's awards, staffing announcements and other news to cswanson@minnesotanonprofits.org.



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State's Supplemental Budget Takes Aim at Economic, Racial and Geographic Disparities

With a two-year budget completed last year, state policymakers this year tackled budget adjustments and how they would spend the \$900 million projected budget surplus.

As many people working in the nonprofit sector know, despite Minnesota's fairly positive economic performance overall, too many Minnesotans still find it hard to make ends meet. The surplus offered opportunities to make substantial investments that would allow more Minnesotans to climb into the middle class, reduce racial and geographic disparities and address unmet needs in communities throughout the state.

Policymakers' priorities for the projected surplus were very different. The House proposed using the surplus solely on transportation and tax cuts, making only limited changes in other areas of the budget. The Senate and Governor Mark Dayton had a broader set of priorities, including a smaller set of tax cuts along with investments in education, economic development and housing and supports for Minnesotans facing mental illness or financial struggles.

On May 22, the House and Senate found agreement and passed a supplemental budget bill that allocated \$182 million of additional funding in FY 2016-17, which the governor subsequently signed into law. The supplemental budget agreement spent the most—\$75 million—in jobs and economic development, including \$35 million for broadband expansion in Greater Minnesota. It also provided \$19 million to expand voluntary pre-kindergarten. Some key steps were taken to meet needs for Minnesotans with mental illnesses. And the supplemental budget included \$35 million to reduce racial and other economic disparities through workforce development, education and other initiatives.

Unfortunately, policymakers missed opportunities to increase economic security among the most vulnerable Minnesotans by failing to increase cash assistance for very-low-income families or to expand affordable child care.

This session, the Legislature also passed a tax bill that included \$257 million in tax reductions and additional aids to local governments for FY 2016-17. That bill included significant expansions of both the Working Family Tax Credit and a tax credit making child care affordable to more families. This bill was “pocket vetoed” by the governor due to a drafting error in the bill. The error was discovered after the session ended and would have resulted in additional lost revenues.

As this issue of *Nonprofit News* went to print, the governor and legislative leaders were discussing items for a possible special session, including passing a corrected tax bill, a bonding bill, transportation investments and a small number of additional budget items.

The state's two-year budget cycle began with the passage of a constitutionally required budget in the 2015 session. Policymakers typically use the even-numbered legislative session to make adjustments to the budget and complete a capital investment package (or bonding bill) for infrastructure items, including construction priorities in communities across the state, affordable housing needs and transportation. However, the Legislature did not pass a bonding bill by the time the regular session ended.

Policymakers also named a comprehensive long-term transportation plan as a priority, but were unable to reach agreement on which transportation and transit projects to include or how to pay for them. Additional transportation investments may be made if there is a special session, although a long-term funding plan appears out of reach.

More information about the outcomes of the legislative session and any potential special session can be found at the Minnesota Budget Project's blog (minnesotabudgetbites.org) and website (mnbudgetproject.org).



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Helping Minnesotans with Disabilities Have Their Voices Heard: Opportunity Partners, 2015 Mission Award Winner for Advocacy



Established in 1953, Opportunity Partners is a Twin Cities nonprofit organization serving more than 2,000 people with disabilities in the seven-county Metropolitan area through job training, employment and residential support for people to live more independently, succeed on the job and lead lives filled with purpose and meaning.

For many years, Opportunity Partners organized public policy initiatives and designated staff members who followed and advocated on behalf of current disability policy issues. However, it had not developed an effective way to consistently involve the people it serves (self-advocates) in these important efforts. To address this disconnect, Opportunity Partners launched the Committee of Advocacy & Leadership (COAL) in 2011, to “ignite” in everyone the power of advocacy.

COAL currently has 50-plus members with disabilities, representing four

Opportunity Partners campuses and programs throughout the Twin Cities. Its members meet regularly to determine what issues are important to them and how to get involved. Opportunity Partners’ COAL groups are led by individuals with disabilities and supported by several employees dedicated to public policy efforts.

Together with staff allies, COAL members have written letters to lawmakers and rallied at the Minnesota State Capitol on important disability issues. The group has also organized meetings about legislative advocacy, healthy relationships, anti-bullying efforts and much more.

Accessible voting for people with disabilities has also been a major focus of the group’s efforts, hosting representatives from the Secretary of State’s office to demonstrate use of the AutoMark machine, participating in the Secretary of State’s Disability Advisory Committee, and organizing voter

registration drives during election years. To raise awareness about self-advocacy within Minnesota’s disability community, COAL members use platforms like local self-advocacy conferences to speak about effective organizing on the group, state and national levels. Nationally, COAL members represented Minnesota’s disability community in attending the 2014 Self-Advocates Becoming Empowered (SABE) conference in Oklahoma City.

By providing a platform from which those they serve can advocate on the issues most important to them, Opportunity Partners has helped people with disabilities shape their own futures. It is because of these remarkable efforts that the Minnesota Council of Nonprofits and MAP for Nonprofits were honored to present the 2015 Mission Award for Advocacy to Opportunity Partners.

To learn more about Opportunity Partners, visit www.opportunities.org.