



Don't Panic (Yet): What Your Nonprofit Needs to Know About the (Latest) New Final FLSA Overtime Rule

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On April 23, 2024, the U.S. Labor Department (DOL) published its [final overtime rule](#) (warning: the linked regulation is 383 pages!) that specifies that most employees earning less than \$58,656 per year will soon be entitled to overtime compensation, regardless of whether they are currently classified as executive, administrative, or professional (white-collar) workers. The new salary threshold will be implemented in a two-step process, with the first phase increasing the salary threshold to \$43,888 per year beginning on July 1, 2024, and the second phase increasing the salary threshold to \$58,656 per year beginning on January 1, 2025.

Nonprofits employ nearly 10% of North Carolina's private workforce, and many nonprofits – particularly those in rural parts of the state – have told the Center that they are likely to be affected by the new rule. The North Carolina Center for Nonprofits is providing this article to highlight key details about the DOL overtime rule and how it will apply to nonprofits.

What is the current law?

The Fair Labor Standards Act (FLSA) is a federal law that provides that employees – except for those who are specifically exempt – are required to:

1. Be paid at least the minimum wage (currently \$7.25 per hour); and
2. Receive overtime pay at one-and-one-half times their regular rate of pay for all time worked in excess of 40 hours in any work week.

Many nonprofit employees are exempt from FLSA's overtime pay requirement if they:

1. Are paid at least the **minimum salary level** under the DOL regulations;
2. Are paid on a **salary basis**; and
3. Exercise **job duties** that are classified as exempt under FLSA.

Exempt employees include:

- **Executive** employees who are paid a salary of at least \$684 per week (\$35,568 per year), whose main duty is management of a large part of the nonprofit's operations and who regularly supervise at least two other employees. Check out the [DOL fact sheet](#) for more details about the executive employee duties test.
- **Professional** employees who are paid a salary of at least \$684 per week (\$35,568 per year) and whose jobs are based on recognized professional knowledge (such as attorneys, CPAs, doctors,

registered nurses, and some social workers). Check out the [DOL fact sheet](#) for more details about the professional employee duties test.

- **Administrative** employees who are paid a salary of at least \$684 per week (\$35,568 per year) and whose primary duties are non-manual work that include the exercise of discretion and independent judgment. Check out the [DOL fact sheet](#) for more details about the administrative employee duties test.
- **Highly compensated** employees with salaries of at least \$107,432 per year, who regularly perform at least some of the job duties of an executive, professional, or administrative employee.

How do the new DOL regulations affect these exemptions?

The final DOL rule makes several major changes to these exemptions. These include:

- **Salary level threshold:** The new rule raises the standard minimum level for salaried, exempt workers from \$684 per week (\$35,568 per year) to \$844 per week (\$43,888 per year) on July 1, 2024. This essentially adjusts the current rate (which was set in 2019) for inflation. The final rule then raises the salary threshold to \$1,128 per week (\$58,656 per year) beginning on January 1, 2025. *Note that the salary threshold doesn't apply to teachers, lawyers, and doctors who are exempt as professional employees.*
- **Highly compensated employees:** The final rule also raises the compensation level for highly compensated employees (subject to less-detailed duties tests) from its current amount of \$107,432 annually to \$132,964 annually, beginning on July 1, 2024, and to \$151,164 annually, beginning on January 1, 2025.
- **Future increases:** The final rule creates a process by which DOL will automatically update the salary threshold every three years using the same methodology that DOL used to set the \$58,656 per year salary threshold. The first adjustment will take place on July 1, 2027. Practically, this means that nonprofits will need to continue to increase salaries of exempt employees to keep pace with the ever-increasing salary threshold.
- **Duties test:** It is important to remember that white-collar employees can be exempt from the overtime requirements of the Fair Labor Standards Act (FLSA) only if their jobs meet the duties tests for executive, administrative, or professional employees. In addition to receiving a salary at or above the new thresholds, each exempted employee must still also exercise the job duties of those categories and be paid on a salaried basis. *The final DOL regulations make no changes to the duties test.*

Does federal or state law apply to your nonprofit's employees?

(Spoiler alert: The answer is "yes", but feel free to read through this full answer to understand why.)

Generally, nonprofit employees are only covered by FLSA if they meet one of two coverage tests:

1. Through **enterprise coverage**, which applies to every employee of a nonprofit hospital, an organization that provides medical or nursing care for residents, a school, or a preschool (all of these are specifically mentioned in the statute), or any other nonprofit with annual commercial sales of \$500,000 or more. Most nonprofit activities probably wouldn't be considered "commercial sales", meaning that many nonprofits don't have enough commercial sales to be enterprises whose employees are all covered by FLSA.
2. Through **individual coverage**, which applies to any individual employee whose regular job functions include transactions in interstate commerce. The term "interstate commerce" is very

broad, and includes things like sending and receiving mail, making out-of-state phone calls, and processing credit cards.

Practically, the provisions of FLSA apply to virtually all North Carolina nonprofits since North Carolina is one of 10 states that incorporates by reference the then-current FLSA regulations into the state wage and hour law. This means that the changes to the DOL overtime regulations will automatically be made to the NC Wage and Hour Act when final DOL regulations to raise the salary threshold take effect. As a result, the proposed new minimum salary level and other changes will be binding on nonprofits based on state law, regardless of whether enterprise coverage or individual coverage is triggered under federal law.

If you read through all 383 pages of the DOL final rule, you will learn about DOL's analysis that many nonprofits do not meet the threshold of \$500,000 or more in commercial sales per year, so enterprise coverage does not apply to them. Consequently, DOL believes that many nonprofit employees will not automatically be covered by the overtime rule, minimizing the impact of the rule on nonprofit organizations. However, as the previous paragraph notes, this is largely irrelevant in North Carolina, since our state wage and hour statute applies the then-current DOL overtime rule to nonprofit employees (and business employees) who aren't covered through enterprise coverage or individual coverage.

Translation: *All North Carolina nonprofits need to be preparing for the changes in overtime rules when they eventually take effect.*

How will the new law affect nonprofits and their employees?

DOL estimates that the final rule will result in about 4.34 million currently exempt employees becoming non-exempt. Of these workers, DOL estimates that more than 460,000 work in the nonprofit sector.¹ DOL also estimates that nonprofits are more likely than for-profit businesses to feel the impact of the overtime rule, with about 18.9% of nonprofit employees being reclassified as non-exempt (as opposed to 13.6% of for-profit employees). Since nonprofit wages in North Carolina are below the national average, it is likely a higher percentage of nonprofit employees in North Carolina will be reclassified as non-exempt. In its [public comments on the proposed rule](#) last fall, the Center noted that North Carolina nonprofits – particularly those operating in rural parts of the state – are likely to be disproportionately impacted by a higher salary threshold. *Unless private and governmental funders provide immediate support for these new labor costs, many nonprofits will need to make some hard operational choices between now and January 1, 2025.*

Can you give a short synopsis of the recent history of the salary threshold?

Yes. For more than a decade, the salary threshold remained at \$455 per week (\$23,660 per year), which was the level set by DOL in 2004. During the Obama administration, DOL sought to raise the threshold significantly. In May of 2016, DOL published a final rule that would have more than doubled the FLSA salary threshold to \$47,476 per year, effective December 1, 2016. At that time, DOL used the 40th percentile of weekly earnings of full-time salaried workers in the lowest-wage Census Region (that would be us in the South!) as the amount of the threshold. Shortly before the rule was scheduled to take

¹ Even though DOL makes the case that many nonprofit employees won't be affected by the new rule because neither enterprise coverage nor individual coverage applies to them (which as noted above, is largely irrelevant in North Carolina), these estimates of employees affected by the rule do not exclude those who would not be covered through enterprise or individual coverage.

effect, several business associations filed a lawsuit challenging the rule in federal court. Unexpectedly, a federal court [issued an injunction](#) days before the 2016 FLSA overtime rule would have taken effect. As a result, the FLSA salary threshold remained unchanged in 2016.

North Carolina nonprofits had generally expressed “moral support and operational anxiety” for the 2016 changes to the FLSA salary threshold. Many nonprofits told the Center that they would like to offer higher wages to their employees and that they recognize that the DOL overtime rule is intended to help many of the working families that are served by charitable nonprofits. However, the short-term reality was that the new rule would have meant increased personnel costs for most North Carolina nonprofits.

In 2019, the Trump administration issued regulations updating the salary threshold to its current levels, marking the first time it had been increased in 15 years. These essentially adjusted the then-current salary threshold for 15 years of inflation. Because the 2019 increase was much smaller than the 2016 proposal and was essentially an inflation adjustment, it wasn’t challenged in court by business groups, and it ultimately took effect on January 1, 2020.

In August 2023, DOL released its latest proposed rule that would use the 35th percentile of weekly earnings of full-time salaried workers in the lowest-wage Census Region (that would still be us in the South!) as the amount of the threshold. The final rule that was issued on April 23, 2024 follows through on this proposal, starting in 2025. Many of the 383 pages of the text of the final language describe DOL’s rationale for settling on this methodology for setting the salary threshold at this level and for proposing a process where DOL will automatically update the salary threshold every three years after it takes effect.

Will the latest rule be challenged in court?

It already has. On May 22, On Wednesday, several businesses and business associations [filed a lawsuit in a federal court](#) in Texas challenging the final rule. The business groups that are suing have argued that the increased salary threshold would drive up labor costs and that DOL exceeded its rulemaking authority in increasing the salary threshold so significantly. The lawsuit, which was filed in the same court that stopped a similar 2016 overtime rule from taking effect, argues that DOL exceeded its authority in implementing the significant increase in the salary threshold scheduled to take effect on January 1, 2025. Because the first phase of the increase in the salary threshold is set to take effect soon, it is possible that the court could rule quickly on the case.

DOL is likely to defend the overtime rule in court, so it could take months before nonprofits and others know for certain which, if any, parts of the final rule will ultimately take effect. In the current rulemaking, DOL makes clear how its methodology is different from the 2016 DOL methodology to make the case that the court rulings that stopped the 2016 rule from taking effect are not relevant to the new proposal. In the meantime, nonprofits should proceed under the assumption that the salary threshold will indeed go up (of course, that’s also what we told you in 2016!). We will update this document as the case moves through the federal court system.

Did DOL listen to nonprofits’ input?

Yes. The Center was one of more than 33,000 organizations or individuals that filed public comments on the proposed rule last fall. The [Center’s public comments](#), which were based on input we received from more than 100 nonprofits (thanks if you shared input with us!), explained the impact of the proposed

rule on North Carolina nonprofits and recommended several steps that DOL should take to minimize operational challenges for nonprofit organizations, including:

1. Treating nonprofits the same as other employers in the final rule;
2. Phasing in the implementation of the salary level threshold increase over several years to minimize immediate operational costs for nonprofits;
3. Setting the threshold no higher than \$55,068 annually (the level in the proposed rule from August 2023)– and possibly lower than that – during the initial phase-in period;
4. Considering setting different salary level thresholds for employers in different states or regions;
5. Clarifying in its final rule the actual compliance costs of the higher salary level threshold for nonprofits and other employers;
6. Actively encouraging government and philanthropic grantmakers and the donating public to consider increasing their investment in nonprofits’ operational costs to offset the higher payroll expenses that will accompany this rule change; and
7. Providing guidance to help nonprofits assess whether common nonprofit jobs – including fundraising/development staff, volunteer managers, and child care workers – meet one or more of the duties tests for executive, administrative, and professional workers.

The Center is pleased that DOL clearly read our comments; in fact, the final rule cites the Center’s comments in four places and adopts (at least partially) at least four of our recommendations. Specifically, the final rule:

1. Treats nonprofits the same as other employers and cites the Center’s input in doing so. This ensures that nonprofit workers are not treated as second-class workers under federal law.
2. Phases in the implementation of the salary level threshold over two steps occurring six months apart. While this is a faster phase-in than the Center recommended, it is probably the most generous phase-in that was politically feasible in a Presidential election year.²
3. Sets the initial salary threshold below the proposed level of \$55,068 during the initial phase-in period, giving nonprofits a longer lead time (about eight months) to adapt to the higher salary threshold.
4. Clarifies DOL’s perspective on the compliance costs for nonprofits and other employees. Note that DOL’s perspective does not match the perspective of the 100+ North Carolina nonprofits that have reached out to the Center with their input.³

² Why, you may ask, does it matter that it is a Presidential election year? Good question (and thanks for reading our footnotes)! Because the U.S. Department of Labor is part of the executive branch of the federal government, its Secretary and other key leaders are appointed by the President, and the Department’s policy priorities largely reflect those of the White House. President Biden, following in the lead of former President Obama, has been clear that he believes the salary threshold should be considerably higher than the levels where it has been set in recent history. If litigation challenging the new overtime rule is still pending in federal court next January and President Biden is re-elected, DOL will almost certainly defend the rule vigorously in court, increasing the likelihood that the \$58,656 salary threshold will ultimately take effect. Former President Trump, on the other hand, has been clear that he prefers to keep the salary threshold at the level where it has been set for the past several decades (with adjustments for inflation). If litigation challenging the new overtime rule is still pending in federal court next January and President Trump is elected again, it is very likely that DOL will drop its defense of the new overtime rule in federal courts. Even if federal courts have upheld the rule, it is possible that a future Trump Administration could issue new regulations to undo the new rule and roll back the salary threshold to something closer to the \$43,888 level where it will be set on July 1, 2024 (potentially adjusting this amount for inflation). Of course, another rulemaking process would likely take at least 2-3 years and would also probably be challenged in court (although by workers’ rights organizations rather than business advocates).

³ As noted above, DOL’s perspective on compliance costs may be less relevant in North Carolina since our state wage and hour law means that the new salary threshold will apply to virtually every employer and employee in

The final rule also acknowledges that the compliance costs associated with the higher salary threshold will create funding challenges for some nonprofits, including those with government grants and contracts. While the final rule provides no fundraising solutions for nonprofits, this acknowledgement may be helpful in sector-wide advocacy with government funders and with individual nonprofits' advocacy with foundation, corporate, and individual contributors to increase their support to help offset the compliance costs associated with the higher salary threshold.

Translation: If you shared your input with the Center, we shared this information with DOL, and DOL incorporated as many of the Center's suggestions as we could reasonably hope into the final rule. While the final rule is far from perfect from the perspective of most North Carolina nonprofits, it is much better than the proposed rule. Your input and advocacy made a difference!

What are some options for nonprofits to comply with the overtime rules without going (too far) over budget?

When DOL was planning the more significant increase in the FLSA salary threshold in 2016 and actually updated it in 2019, the Center heard from many North Carolina nonprofits about the steps they were considering (or had already implemented) to adapt to these changes. While the July 1, 2024 update to the salary threshold will likely have only minimal impact on most North Carolina nonprofits, the substantially higher salary threshold starting on January 1, 2025 will have a significant impact on many nonprofit organizations' operations. With that in mind, now is the time for nonprofits to start planning for compliance with a much higher salary threshold under FLSA.

What a nonprofit can do and what it should do are two separate questions to be weighed based on the organization's finances, mission, contractual obligations, and other factors. Here are some of the solutions (many of them far less than ideal) that nonprofits may wish to consider:

1. **Raise employees' salaries so they remain exempt.** One solution for some nonprofits is to raise (currently) exempt employees' wages so their salaries are higher than the new threshold. This makes the most sense for employees whose current salaries are only slightly lower than the new threshold (e.g. employees with salaries of \$58,000 per year). Nonprofits should note, however, that, under the proposed rule, DOL would automatically adjust the salary threshold every three years in the future, so nonprofits will need to continue to raise their employees' wages, or they will face the same issues again the next time DOL increases the salary threshold on July 1, 2027. This option may not be feasible (at least in the short-term) for nonprofits with workers whose salaries are significantly lower than the proposed new threshold of \$58,656 per year. It also may be both impractical and inequitable for nonprofits with some currently exempt staff whose salaries are close to the current threshold and other staff whose salaries are close to new threshold on January 1, 2025. For example, there is probably a reason that one employee is currently paid a salary of \$40,000 per year and another is paid a salary of \$58,000 per year, so raising both employees' salaries to \$58,656 per year may not be a feasible option.
2. **Pay overtime to employees above a salary.** Non-exempt workers can still be paid on a salary basis rather than an hourly basis. This means that these employees would be paid the same amount whether they work a full 40 hours or less in a workweek. However, if salaried, non-exempt employees work more than 40 hours in a workweek, they are still entitled to time-and-half pay for all hours worked in excess of 40 hours in the week. One advantage of this option is that

North Carolina, where many nonprofit employees in other states may be excluded from the rule because they do not meet the standards for enterprise coverage or individual coverage.

workers may be less likely to feel like their reclassification to non-exempt is a “demotion” if they are still paid on a salary basis and don’t have to track hours worked unless they are eligible for overtime. A few nonprofits have told the Center that one drawback of the new rule is that it will create a “punch the clock” mentality for previously exempt employees, potentially hurting their morale. This solution may help address this concern.

3. **Reorganize workloads or adjust schedules.** One way that some nonprofits can mitigate the costs of complying with the new rules is by shifting job functions among employees. For example, if one member of your administrative staff typically works 50 hours in a week, whereas a development staffer typically needs about 30 hours in a week to complete their job (spending another 10 hours during the work day making personal phone calls and downloading songs from Taylor Swift’s “The Tortured Poets Department” album), it might make sense to shift some job responsibilities from the administrative employee to the development staffer so that they both have about 40 hours of work to do in a week. (Note: We realize that real-world situations are rarely as clean and simple as this hypothetical example.) (Also note: This article was written in spring 2024, so the reference to “The Tortured Poets Department” may be woefully outdated by the time you are reading this.)
4. **Adjust employees’ wages so you are paying approximately the same total compensation after the rule changes.** Yes, this means reducing the salaries of employees who will be reclassified as non-exempt, but paying them time-and-a-half their salary for the hours they work in excess of 40 hours per week. One way this can be done is to set a lower base hourly wage rate that takes into account a certain number of time-and-a-half hours each week for individuals who typically work overtime; the result is that they can receive the same pay based on a lower official wage rate. The upside of this is that it maintains labor costs at close to their current level. The downside of this option is that salary decreases tend to have a negative effect on employee morale.
5. **Limit the number of hours non-exempt staff can work.** For some nonprofits, it may make sense to establish policies that non-exempt staff may only work 40 hours per week or must receive approval from their supervisors to regularly work overtime. This option may help improve employees’ awareness of how they spend their time and can lead to increases in efficiency and productivity. However, it may not be appropriate for some types of program staff, such as emergency service providers, residential care providers, and case workers working with nonprofit clients such as adoptive families or victims of domestic violence.
6. **Consider changing how you define your workweek.** Under state and federal law, nonprofits can define their workweek as any period of seven consecutive days. For some nonprofits with programs and events on Fridays and weekends, it may make sense to adopt a Wednesday through Tuesday workweek so non-exempt employees can take extra time off on Mondays and Tuesdays to avoid working more than 40 hours in a workweek.
7. **Recognize that overtime is only required when non-exempt employees work more than 40 hours in a week.** Some nonprofits have 35-hour or 37.5-hour workweeks. These nonprofits are not required to pay time-and-a-half for employees who are working “overtime” (e.g., 36+ or 38+ hours per week) but who have not exceeded 40 hours in a workweek.
8. **Make lunch breaks unpaid.** Some nonprofits allow non-exempt staff to count their lunch breaks as working hours. North Carolina law does not require lunch breaks to be paid time, although the NC Department of Labor had said that breaks of less than 30 minutes (such as 15-minute rest breaks) should generally be paid. By making lunch breaks uncompensated time, nonprofits may be able to increase the total productive working time that employees can provide within a 40-hour workweek.
9. **Expect exempt staff to work more.** The reality is that the most cost-efficient short-term solution for some nonprofits may be to shift some additional job functions to the executive director or other exempt staff who are paid \$58,656 per year or more. If nonprofits are considering this option, it is important to be certain that these staff members still meet one of the duties tests to

qualify as exempt employees. An executive director is almost certain to meet the duties test as an executive employee or administrative employee (depending on how many staff they supervise).

10. **Replace some full-time workers with part-time staff or contractors.** Typically, part-time employees don't receive overtime pay since they rarely work more than 40 hours in a week. By shifting more work to part-time employees, nonprofits may be able to reduce overall labor costs.⁴ Also, the FLSA does not apply to independent contractors, so nonprofits may want to consider outsourcing some of their work to contractors. Note, however, that it is important for nonprofits to be careful not to misclassify true employees as independent contractors, since DOL, the Internal Revenue Services, and the state of North Carolina actively enforce worker misclassification claims. Earlier in 2024, DOL issued a final rule on worker misclassification, which took effect in March 2024. This rule re-institutes the traditional six-factor test for identifying whether workers are properly classified as employees or independent contractors, and it means that more workers are now properly classified as employees.
11. **Limit telecommuting.** **Note: This recommendation from 2016 and 2019 is still valid today but may be more challenging for many organizations in a post-COVID-19 world where remote and hybrid work have become far more prevalent than they were four years ago.** Employees often work longer hours (often without realizing it) when they work from home or use their mobile devices for work-related email, phone calls, social media, and texting. Some nonprofits may wish to revisit their telecommuting policies if more of their employees will be non-exempt under the new overtime rules. Limiting the ability of employees to work remotely can help minimize inadvertent overtime but can also have negative consequences for employee morale (more time away from home), employee productivity (in some cases, there may be more distractions in the office), and the environment (more time and miles commuting). *Tip on after-hours emails:* Stop sending emails after hours to non-exempt employees. The time they spend reading and responding (even on their phones) counts as compensable time. If possible, consider hitting "send" during regular working hours the next day (or using technology to delay when the message is sent). And if you can't help sending an email after regular working hours, at least encourage recipients to wait until their regular work time to take action.
12. **Reduce employee benefits.** With diminishing revenue and rising costs, many nonprofits have already been forced to cut employee benefits like health insurance and retirement savings. As the name suggests, the salary threshold under the overtime rule only applies to *salaries*, not to *benefits*. This means that further reducing employee benefits (so that salaries can go up without changing the line item in your budget for "salaries and benefits") may be a short-term way that nonprofits can comply with the overtime rules without adding to overall labor costs. Since shifting employees from exempt to non-exempt may impact the level of benefits they receive, consider re-evaluating all employee benefits to ensure fairness. Also, recognize that reducing employee benefits can also make it harder for your organization to recruit and retain staff. A recent [report on the nonprofit workforce shortage crisis](#) has found that more than 80% of North Carolina nonprofits reported having job vacancies in spring of 2023.
13. **Consider more affordable (and better) employee benefits.** The Center has resources on [creative employee benefit options for nonprofits](#). Among other options, the Center partners with [Marsh & McLennan Agency](#) to offer a wide array of employee benefits to member nonprofits. You may be able to save money on your dental, vision, or disability coverage or on other benefits, while offering equivalent (or better) benefits that you currently provide for your employees.
14. **Eliminate or reduce some programs or services.** This is obviously one of the least desirable options for nonprofits. However, if a particular program or service requires staff to work long hours (and

⁴ Note, however, that, if part-time staff sometimes work more than 40 hours per week, they are actually more likely to be non-exempt, since the salary threshold is not prorated for part-time work (meaning the future level of \$58,656 per year will apply to both full-time and part-time employees).

receive overtime pay for much of this work) without adequate compensation from private or governmental funders, your nonprofit may need to make hard choices about whether it makes sense to reduce service levels or eliminate the program altogether.

15. **Eliminate some fundraising events.** That's right, for some nonprofits, it might make (counterintuitive) financial sense to cut back on revenue-raising activities. If staff typically work long hours on fundraising events, nonprofits may want to consider whether these events will bring in sufficient revenue to justify the additional labor costs.

What should my nonprofit do now?

1. **Don't panic!** The \$58,656 salary threshold does not take effect until January 1, 2025. If you are reading this in the spring or summer of 2024 (or even fall of 2024), your nonprofit still has some time to make any necessary adjustments to your operations.
2. **Do your math homework.** Determine which of your currently exempt employees are paid a salary below the \$58,656 threshold. Ask employees to track or estimate how many hours per week they are currently working. (To avoid singling out some employees with lower salaries, you may want to consider asking all employees to track or estimate their time.) Use this information to assess what your nonprofits' compliance costs will be.
3. **Determine the best option(s) for your nonprofit.** Figure out which of the compliance options described above (or which combination of these options) is the best path forward for your organization. Or come up with other creative solutions.
4. **Be transparent with your staff.** Explain to any affected employees the reasons for the changes in their classification, pay, or work hours.
5. **Make any necessary changes to your personnel policies.** And don't forget to share your updated policies with all employees.
6. **Talk with your funders.** Investigate whether any government agencies that provide funding to your nonprofit through grants and contracts are willing to reopen these agreements to increase reimbursement rates or adjust performance expectations. See whether your private funders would be willing to provide temporary emergency support for the additional costs of maintaining your programs and services while staying in compliance with these new rules.
7. **Make the best of the situation.** If your nonprofit hasn't recently reviewed the classification of your workers, now is a great time to do it. The rule changes can be an opportunity to begin the good practice of regularly reviewing whether your workers are employees or independent contractors and whether they are exempt or non-exempt from FLSA.
8. **Panic!** (But only do this if you are reading this article for the first time on January 2, 2025, or later!)

For more information, contact David Heinen, Vice President for Public Policy and Advocacy, at dheinen@ncnonprofits.org.