

NFP

Managing Remote Workers

**Nonprofits Strive
to Maintain
Quality Services
as Demand
Rises**

Nonprofits May Benefit from New Tax Legislation

Newly enacted health care reform legislation offers tax credits to help employers with 25 or fewer workers, including nonprofits, provide health care benefits to employees, even as it mandates new “pay or play” requirements for all employers with 50 or more workers. In addition, under the jobs bill passed in mid-March, non-for-profit employers are eligible to take advantage of an incentive for hiring new workers through the end of the year.

On March 23, 2010, the Patient Protection and Affordable Care Act (Patient Protection Act) was signed into law by President Barack Obama. One week later, the President signed into law the Health Care and Education Reconciliation Act of 2010 (Reconciliation Act), completing reform of the nation’s health insurance and delivery systems. Among the core provisions of the new legislation, starting in 2014,

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In an ongoing effort to maximize the quality of services and minimize expenses, nonprofits are always seeking innovative ways to cut costs. In today's "wired world," many organizations are meeting these competing needs, at least in part, by allowing employees and volunteers to work from remote locations. By offering telecommuting arrangements, organizations can draw from a larger pool of "virtual" volunteers and paid employees, many of whom embrace the flexibility of remote working to help achieve work/life balance. Meanwhile, nonprofits can save on office space and travel expenses, while demonstrating their commitment to the environment and family-friendly policies.

While the potential benefits of telecommuting for both the nonprofit and the employee or volunteer are clear, these arrangements can present organizational and managerial challenges. Before establishing a telecommuting program for your organization, assess issues such as technical infrastructure, security, performance measures, and methods of communication.

To keep telecommuters connected to the organization and on track, start by implementing networking and collaborative technology solutions, and developing strategies for supporting and encouraging cooperation and communication between in-house managers and employees or volunteers who are working from a remote location. Initially, telecommuters will require reliable phone and Internet connections, which may also include cell phones, laptops, and personal digital assistants (PDAs). If the work involves the exchange of sensitive information, remote workers may be provided access to the organization's networks through secure passwords, along with firewall and virus protection for all devices.

Encourage virtual volunteers and employees to use e-mail and instant messaging, as well as the telephone, to stay in touch with co-workers and managers, and to respond to messages promptly. All members of the organization, whether in-house or remote, may be asked to keep an online calendar that can help their co-workers keep track of their activities and availability.

Document sharing and project management software programs can make it easier for teleworkers to collaborate effectively with in-house

employees on ongoing projects. These collaborative tools enable users to view announcements, ideas, revisions, etc., and to add their own contributions in real time.

While much of the work performed by telecommuters may be done on a flexible basis, it may be important to schedule regular meetings via teleconferencing, preferably with video. This provides in-house and remote employees and volunteers the opportunity to engage in group discussions to address concerns and connect with one another on a more personal level. It may also be helpful to organize interactive "webinars," in which employees or volunteers may view an online presentation and ask follow-up questions by phone or instant messaging.

Managers of remote workers may need different strategies to maintain contact and assess performance on an ongoing basis. Rather than monitoring the amount of time each employee spends working, many organizations measure productivity based on results. This approach involves establishing clear objectives and requires employees to demonstrate that they are meeting organizational goals on schedule. If an employee is non-exempt, organizations may need a method for tracking hours, such as an e-mail or a phone call to a supervisor at the start and finish of each pay period. While employees and volunteers may be more than capable of working independently most of the time, managers may need to provide occasional guidance and advice, and prompt and thorough responses to communications will be both helpful and appreciated.

If it is feasible to do so, the management team may wish to periodically meet with remote workers and volunteers. Especially if they include a pleasant social event, these get-togethers can build trust and facilitate communication, as well as cultivate feelings of familiarity and loyalty to the organization.

While there are challenges involved in managing remote workers, organizations with telecommuting arrangements may experience lower absenteeism, higher productivity, improved recruitment and retention, and better employee work/life balance, all while minimizing expenses and maximizing the quality of services provided to the community. ✧

NONPROFITS MAY BENEFIT FROM NEW TAX LEGISLATION

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all U.S. citizens and legal residents not covered by employer-provided insurance or Federal programs will be required to obtain health care coverage or pay a penalty, unless certain exemptions apply. Families and individuals with incomes below specified levels will be offered premium assistance starting in 2014, and states may create health insurance exchanges through which individuals and small businesses can purchase qualified coverage. No penalty will be imposed on businesses that fail to provide insurance to workers, but companies that employ 50 or more workers will be subject to so-called “pay or play” rules after 2013.

A provision of the new legislation designed to help small employers provide insurance to employees applies to both for-profit and not-for-profit organizations. Starting in 2010, small businesses with fewer than 25 employees that pay at least 50% of the health care premiums for their employees qualify for a tax credit of up to 35% of their premiums. This credit will increase to 50% after 2014 if insurance is purchased through an exchange. The amount of the credit depends on the number of employees and the average wage, which must be below \$50,000 per year. Small employers are permitted to apply this tax credit to taxes withheld through payroll, while employees would continue to get full credit for taxes withheld from their pay.

While employers will not be required to offer health care plans, starting in 2014, a business with 50 or more full-time employees (defined as working 30 or more hours per week) will be required to pay \$2,000 per worker per year for all workers if even one of the company’s employees qualifies for and accepts a Federal health insurance premium subsidy. The first 30 employees are subtracted from the payment calculation. In addition, employers face a potential tax penalty of \$3,000 per full-time worker per year for every



full-time worker who qualifies for a health insurance coverage premium subsidy. Employers that offer health care coverage may in some cases be required to provide “free choice vouchers” to employees with incomes below 400% of the Federal poverty level whose share of the premium exceeds 8%, but is less than 9.8%, of their income and who choose to enroll in a plan in the exchange.

To promote wellness programs, the Federal government will provide grants for up to five years for employers that establish wellness programs, starting in 2011. The legislation also permits employers to offer employees rewards for participation or for meeting certain health standards—including health insurance premium discounts, waivers of cost-sharing requirements, or benefits that would otherwise not be provided—of up to 30% of the cost of coverage, starting in 2014. Federal agencies are permitted to raise this limit to 50% at a later date if they deem it appropriate to do so.

In other legislative action, the Hiring Incentives to Restore Employment (HIRE) Act was signed into law on March 18, 2010, providing incentives for businesses to hire and retain unemployed workers. Under the new legislation, a qualified employer’s 6.2% Social Security tax liability is waived for wages paid to previously unemployed new hires for any period starting after March 18, 2010 through December 31, 2010. Both full- and part-time employees can qualify employers for payroll tax forgiveness. Unlike for-profit businesses, however, nonprofits are not permitted to claim the additional \$1,000 credit for each qualified retained worker, as this credit is linked to business income tax liabilities.

For more information on the new tax legislation and how it may affect your organization, consult one of our qualified tax professionals. ♦

Nonprofits Strive to Maintain Quality Services as Demand Rises

Amidst economic uncertainty, many nonprofits are finding creative ways to maintain, or even expand, service delivery to meet increased demand, according to a recent survey by the Nonprofit Finance Fund (NFF).

The survey of more than 1,300 leaders of U.S. nonprofits found that nearly 90% of respondents expect 2010 to be as difficult or more difficult financially than 2009, while only 12% expect 2010 to be easier for their organizations. In addition, 80% said they anticipate an increase in demand for services in 2010, but only 49% expect to be able to fully meet this demand. Moreover, just 18% said their organizations expect to end 2010 above break-even, with only 35% reporting an operating surplus at the end of 2009.

However, nonprofit leaders also reported taking significant steps to ensure service delivery.

Results showed that, over the past 12 months, 52% had collaborated with another organization to provide programs, 43% had added or expanded programs, 18% had expanded the geographies served, 60% had engaged more closely with their board through increased reporting and communication, and 39% had relied more heavily on volunteers.

“Nonprofits aren’t rolling over in the face of economic strain,” said Clara Miller, President and CEO of NFF. “The sector is filled with determined individuals and inspiring organizations focused on the most critical issues we face as a society. While the ‘coping mechanisms’ we’re seeing are encouraging, we also need to make fundamental changes to the way the sector is financed.” ✦