Future-proofing HR compliance in nonprofits

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Compliance has always mattered. But in 2025, it's become a make-or-break issue for nonprofits.

With data privacy laws tightening, pay transparency rules expanding and funders demanding measurable DEI progress, even small HR missteps risk triggering big consequences. That includes lost grants, legal exposure and lasting reputational harm.

And for lean teams already stretched thin, "manual" is no longer a viable strategy. It's time for systems that think ahead — platforms that don't just support compliance but simplify it for you with the help of AI-powered insights that flag risks before they escalate. The good news? With the right tools, staying audit-ready doesn't have to be complicated or time-consuming.

Data privacy: Lock it down before you're locked out

Nonprofits today handle more sensitive data than ever — from staff demographics to volunteer records to donor histories. But many are still relying on fragmented systems and spreadsheets, creating blind spots that increase the risk of compliance exposure.

As of 2024, 62% of U.S. nonprofits handle personal data covered by at least one state-level privacy law — making compliance a reality, not a remote risk.

To stay ahead, nonprofits need centralized HR platforms with tools like:

- Real-time access controls
- Built-in audit trails
- Secure permission settings

Tools like employee self-service portals can also reduce administrative overhead while giving staff more visibility and trust in how their data is used.

People First by MHR does all of this — helping lean HR teams lock down sensitive information without locking up productivity.

Pay transparency: New rules, new expectations

New laws are changing what nonprofits can say — and what they must say — about pay.

Funders, boards and employees increasingly expect visible, consistent pay practices that reflect a commitment to equity.

More than a quarter of U.S. states now require pay ranges in job postings, with 13 states and Washington, DC, enforcing pay transparency laws as of 2024. Even more are slated to join in 2025.

Manual pay review processes can't keep pace. To stay compliant and equitable, nonprofit HR teams need tools that support:

- Pay range disclosure at the job-posting level
- Internal equity audits across roles and departments
- Clear, defensible compensation documentation

People First makes these tasks easier — and more repeatable. With real-time compensation data and built-in templates, teams can move from reactive to ready.

DEI accountability: Prove it or lose support

DEI isn't just a values statement anymore. It's an accountability framework — and nonprofit leaders are expected to back it up with data.

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Funders and boards increasingly want evidence that DEI goals are being met. Employees want to see meaningful progress, not just promises. And for HR, that means tracking the right metrics, sharing them transparently and acting on the results.

The pressure is real: 82% of funders now require nonprofits to provide DEI metrics in their grant applications. The challenge? Most teams aren't equipped to do this manually.

People First helps nonprofit HR leaders embed DEI into everyday workflows with:

- Real-time demographic dashboards
- Sentiment and pulse survey tools
- Visibility into representation, progression and inclusion trends

It's about more than compliance. It's about culture — and credibility.

From risk to readiness: Lead with confidence

Nonprofit HR leaders are facing more compliance complexity than ever, but you don't have to face it alone.

With People First, lean teams gain real-time tools to simplify audits, standardize documentation and meet new requirements without slowing down. Whether you're managing hybrid teams, grant-funded roles or seasonal staff, People First adapts to how nonprofits actually operate — and helps you lead with clarity, not chaos.

Want to go deeper?

Explore more ways to build resilience, streamline operations and future-proof your HR strategy.

Download our Reinventing HR eBook

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About MHR

MHR has been driving innovation across the HRIS space for over 40 years. We don't just meet the industry standard, we exceed it. Engineered by the latest SaaS technology, our product, People First enables increased employee productivity and organizational growth with a demonstratable return on investment.

People First is guided by what our customers and the market demand in a rapidly changing world.

info@mhrglobal.com | mhrglobal.com | +1 (470) 890 6170 (US) | +44 (0) 115 945 6000 (UK) | +353 (01) 541 3778 (IRE)