

## SB 606 -5 STAFF MEASURE SUMMARY

### Senate Committee On Human Services

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**Prepared By:** Iva Sokolovska, LPRO Analyst

**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 3/6, 4/3

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#### WHAT THE MEASURE DOES:

Establishes the Nonprofit Workforce Retention Fund to provide grants to nonprofit organizations to increase the compensation of and reduce turnover among employees. Specifies eligibility requirements for nonprofit organizations. Directs the Employment Department to administer grant application, disbursement, and reporting procedures. Appropriates an unspecified amount to the Nonprofit Workforce Retention Fund. Establishes procurement compensation rates for nonprofit organizations that provide services for the Department of Human Services, the Oregon Health Authority, the Housing and Community Services Department, the Department of Education, the Department of Early Learning and Care, the Oregon Youth Authority, the Oregon Department of Emergency Management, or the Department of Justice. Establishes the Task Force on Modernizing Grant Funding and Contracting (the task force) to study the state's granting and public procurement practices concerning the wages of employees of nonprofit organizations and make recommendations. Specifies task force membership and duties. Requires task force to report to the Legislative Assembly by September 15, 2024.

Takes effect on 91st day following adjournment sine die.

#### ISSUES DISCUSSED:

- Factors that contribute to instability in the nonprofit sector
- Resource availability, compliance standards, and reporting requirements for nonprofit organizations
- Compensation timelines from state agencies and impacts on turnover
- COVID-19 impacts on the nonprofit sector
- Nonprofit Association of Oregon's 2021 Oregon Nonprofit Compensation & Benefits Report
- Intended use of funds from a Nonprofit Workforce Retention Fund

#### EFFECT OF AMENDMENT:

-5 Removes the establishment of the Nonprofit Workforce Retention Fund. Adds the Higher Education Coordinating Commission to granting agencies that conduct procurements for services from nonprofit organizations. Modifies 'nonprofit organization' definition. Modifies requirement for rates at which granting agencies to compensate nonprofit organizations. Modifies membership of Task Force on Modernizing Grant Funding and Contracting.

#### BACKGROUND:

The Oregon Employment Department reports that, "a not-for-profit corporation, commonly referred to as a "nonprofit," is organized to achieve a purpose other than to generate a profit. These entities qualify for federal tax exempt status and must reinvest any surplus revenues into efforts that further the mission of the organization. They are prohibited from passing profits on to those who control the organization." [According to the Employment Department](#), nonprofit organizations made up 6% of all private businesses in the state and had 185,900 jobs, accounting for 12% of Oregon's private-sector employment in 2021. As a share of Oregon's total (private and public) employment, nonprofits made up 10% in 2021, about the same amount as the state's manufacturing industry. The industry reached 267,400 jobs in 2021, an increase of about 31% or 64,400 since 2011, including the

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reclassification of more than 15,000 home care workers to health care and social assistance from state government in 2018. Nonprofit Association of Oregon's 2021 [Oregon Nonprofit Compensation & Benefits Report](#) analyzed information shared by 230 charitable 501(c)(3) nonprofits throughout Oregon. Respondents responded to compensation and benefit questions based on specific positions. The participants shared information covering 7,950 full-time employees and more than 1,323 part-time employees across 52 distinct employed positions. The report finds that nearly 12% of respondents have furloughed employees and another 11.5% reported having terminated fulltime employees. Higher staff turnover rates were more noticeable in organizations that reported a decrease in financial performance.

Senate Bill 606 establishes the Nonprofit Workforce Retention Fund to provide grants to nonprofit organizations to increase the compensation of and reduce turnover among employees and creates a nonprofit Task Force to look at contracting, payment delivery, reporting requirements, and raising nonprofit wages.