

## SB 606 A STAFF MEASURE SUMMARY

### Senate Committee On Human Services

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**Action Date:** 04/03/23

**Action:** Do pass with amendments. Refer to Ways and Means by prior reference. (Printed A-Eng).

**Vote:** 4-1-0-0

**Yeas:** 4 - Gelser Blouin, Manning Jr, Prozanski, Weber

**Nays:** 1 - Robinson

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

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

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

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#### WHAT THE MEASURE DOES:

Establishes procurement compensation rate regulations for nonprofit organizations that provide services for granting agencies. Adds the Higher Education Coordinating Commission to granting agencies that conduct procurements for services from nonprofit organizations. Defines "nonprofit organization." Establishes the Task Force on Modernizing Grant Funding and Contracting (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:

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 compensate nonprofit organizations. Modifies membership of Task Force on Modernizing Grant Funding and Contracting.

#### BACKGROUND:

Not-for-profit corporations, commonly referred to as a "nonprofits", are 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 six percent of all private businesses in the state and had 185,900 jobs, accounting for 12 percent of Oregon's private-sector employment in 2021. As a share of Oregon's total (private and public) employment, nonprofits made up 10 percent 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 percent or 64,400 since 2011, including the 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

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more than 1,323 part-time employees across 52 distinct employed positions. The report finds that nearly 12 percent of respondents have furloughed employees and another 11.5 percent reported having terminated fulltime employees. Higher staff turnover rates were more noticeable in organizations that reported a decrease in financial performance.

Senate Bill 606 A creates the Task Force on Modernizing Grant Funding and Contracting to look at contracting, payment delivery, reporting requirements, and raising nonprofit wages. The measure establishes procurement compensation rate regulations for nonprofit organizations.