

May 3, 2023

Governor Tina Kotek
Senate President Rob Wagner
Speaker Dan Rayfield
Co-Chair Senator Elizabeth Steiner
Co-Chair Representative Tawna Sanchez
Joint Ways & Means Committee
900 Court Street NE
Salem Oregon 97301

Governor Kotek & Legislative Leadership:

RE: SB 606A - Oregon Nonprofit Modernization Act

Help Oregon Nonprofits Help Oregonians.

Oregon relies on nonprofits to fill an essential role in communities across our state. Many nonprofits are connected to and trusted by community members because they have the ability to respond more quickly with greater flexibility to specific needs than the government can.

Nonprofits are a crucial part of our civic infrastructure and an important contributor to our economy and workforce. Nonprofits promote the well-being of Oregonians every day, providing for basic needs like food and shelter, offering opportunities for education and economic advancement, supporting arts and culture, protecting our civil rights, and so much more. When crises hit such as housing or natural disasters, nonprofits act as first responders, providing critical services for stability and setting the stage for recovery.

A combination of low wages, lack of benefits, and additional needs and stresses brought on by the COVID-19 pandemic have had a devastating effect on the nonprofit sector, especially workforce retention. Most nonprofit workers are driven by a values-based work ethic rather than monetary reward, but even these dedicated employees have their limits when the high costs of housing, childcare, and other rising living expenses make it impossible to make ends meet.

To the disadvantage of all Oregonians, [nonprofits face a daunting barrier to fulfilling their crucial role on behalf of the state](#). Nonprofits cannot exist without nonprofit employees, and nonprofit employees have an incredibly high rate of burnout and turnover. According to the [Nonprofit Association of Oregon's 2021 Compensation and Benefits Report](#), the average turnover rate for full-time staff was *nineteen percent*, and the average turnover rate for part-time staff was *thirty-six percent*. The current structure and requirements of state contracts and grants, low pay, heavy workload, understaffing, and secondary trauma, among other stressors create conditions that lead nonprofit staff to leave their demanding jobs and seek higher pay, less stress, and better benefits elsewhere.

This is why we introduced **SB 606, the Oregon Nonprofit Modernization Act**. This act addresses these conditions through a thoughtful and constructive process that will improve the ability of nonprofits to partner effectively with public agencies so that critical services can be delivered economically, efficiently, and sustainably.

The Oregon Nonprofit Modernization Act is comprised of two parts:

Grant and Contract Improvements. For grants, Oregon should adopt a ten percent de minimis indirect rate and/or honor federally or state negotiated indirect cost rate agreements, *whichever is greater*. It would help nonprofits with overhead costs not covered by grant funds. Another simple change to grantmaking would be eliminating reimbursements as a payment method. Nonprofits would no longer have to front costs at their own expense while waiting months to receive reimbursements. Finally,

payments for contracts should be made within 30-days upon services provided. These simple changes to grants and contracts would go a long way towards improving fiscal stability for nonprofits, especially those with small budgets.

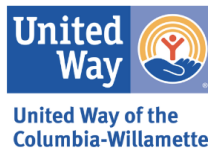
Nonprofit Task Force on Grantmaking & Contracts. A long-term approach to long-running problems that impact the nonprofit sector is needed. We need to form a legislative task force that will take a close look at streamlining and simplifying grantmaking and contracting, improving payment delivery, reducing burdensome reporting requirements, and raising nonprofit wages. The Oregon Department of Administrative Services would oversee this task force and be charged with developing recommendations. The task force would involve representatives from specific state agencies and a cross-section of nonprofit representatives.

The Oregon Nonprofit Modernization Act is an important *first step* towards building a financial, statutory, and administrative ecosystem conducive to contracting and grantmaking success. Many of the bills passed by Oregon's Legislature rely on contracts and grants carried out by the nonprofit sector. From education to housing to health care and beyond, grants and contracts are a required and important piece of the success of any legislation. *If we don't address the underlying issues facing the sector, including underinvestment and administrative burden, low-wages and workforce retention challenges will continue to hemorrhage nonprofit provided services and programs that many Oregonians rely on.*

This is why our coalition of over 170 members, diverse in geography, size, and services provided, are united and working together to help pass the Oregon Nonprofit Modernization Act. With your support, we can ensure that contracts lead to the legislative outcomes Oregonians have come to depend on.

Please pass SB 606A. Thank you for your consideration,

The Oregon Nonprofit Modernization Act Campaign Team & Coalition



LatinoNetwork



THE NONPROFIT
ASSOCIATION OF
OREGON

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And these additional nonprofits and individuals:

Adelante Mujeres	Neurotherapeutic Pediatric Therapies, Inc
Affinity Projects	Nichola Stein
Artists Repertory Theatre	Northwest Pilot Project
Bag&Baggage Productions	Numu Allottee Association
Baker Relief Nursery	OEA Choice Trust
Bend-Redmond Habitat for Humanity	Open Adoption & Family Services
Boys & Girls Clubs of Western Lane County	Oregon CASA Network
Bridges to Change	Options Counseling and Family Services
Camp Fire Central Oregon	Oregon Adult Soccer Association, Inc.
Cascade AIDS Project	Oregon Health Forum
Cascadia Chamber Opera	Oregon Human Development Corporation
Children's Center of Clackamas County	Oregon Recovers
Chiloquin Visions in Progress	Oregon Robotics Tournament and Outreach Program
Circle of Friends	Page Two Partners
Community Coalition of Empire	Paralyzed Veterans of America Tri-State Chapter Period, Inc.
Community for Positive Aging	Pride Northwest, Inc.
Consulting & Mediation Services	Project Access NOW
Cornerstone Associates Inc.	Real Possibilities by D.P.Redding Inc.
Curry County Suicide Awareness & Prevention Council	Remodeling for Independence Together
Deschutes Children's Foundation	Robert Watada
Dianohia Academy College	Rogue Valley Family YMCA
Diversability Inc	Rural Development Initiatives
Domestic Violence Resource Center	Sahaan McKelvey
Family of Friends Mentoring	Save World Art

FISH of Roseburg Food Pantry

Force for Good Enterprises

Friends of Family Farmers

FrontlineServicesPDX

Geos Institute

Golden Road Arts

Grants Pass Museum of Art

Growing Gardens

Habitat for Humanity of Lincoln County

Integral Youth Services

Jennifer Allen

John Ng

Kairos PDX

Kathy Kniep Consulting

KBOO Community Radio

Laurel Hill Center

Lines for Life

Lotus Art Counseling LLC

Medford Children's Therapy

Metropolitan Family Service

Micronesia Islander Community

Montessori Northwest
Neighborhood Partnerships

Saving Grace Pet Adoption Center

Serendipity Center, Inc.

Shangri-La

Sirimangala Buddhist Monastery

Sisters Folk Festival, Inc.

Solid Ground Consulting

SquareOne Villages

Steinkopf Strategies

Sunshine Foundation of Oregon

The Arc of Benton County

The Arc Jackson County

The Lund Report

Transplants In Action

Tualatin Together

Winston Area Community Partnership

Warm Springs Community Action Team

Upward Development

Urban League of Portland