

March 6, 2023

Oregon Senate Human Services Committee
Oregon Legislature
900 Court St. NE
Salem Oregon 97301

Chair Gelsner Blouin and Members of the Committee:

RE: SB 606 - Oregon Nonprofit Modernization Act

Help Oregon nonprofits help Oregonians. The State of Oregon relies on nonprofits to fill an essential role. Many nonprofits are connected to and trusted by community members, offering culturally specific programs and services. They have the ability to respond more quickly and flexibly to community members' needs than the government can.

Nonprofits are an essential part of our civic infrastructure and an important part of 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, nonprofits act as first responders, providing critical resources for stability and setting the stage for recovery.

To all of our disadvantage, [nonprofits face a daunting barrier to fulfilling their essential 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 Compensation and Benefits Report](#), in 2020 the average turnover rate for full-time staff was 19%, and the average turnover rate for part-time staff was 36%. Due in part to the current structure and requirements of state contracts, low pay, heavy workload, understaffing, and secondary trauma, among other stressors, lead nonprofit staff to leave their demanding jobs and seek higher pay and better benefits elsewhere.

This is why we are introducing the **Oregon Nonprofit Modernization Act**. This act addresses these struggles 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 three parts:

Contract Improvements. These easy and simple changes can be implemented right away and have immediate impact. Oregon should adopt a 10 percent de minimis indirect rate and/or honor federally negotiated indirect cost rate agreements, whichever is greater. Doing so would be a game changer for nonprofits that face daunting overhead costs. Another simple change would be eliminating reimbursements as a payment method for grants. Nonprofits would no longer have to front costs at their own expense while waiting months to receive reimbursements. This change would go a long way towards improving fiscal stability for nonprofits, especially those with small budgets.

Nonprofit Task Force. We need a long-term approach to long-running problems that impact the nonprofit sector. We need to form a legislative task force that will take a close look at streamlining and simplifying contracting, improving payment delivery, reducing burdensome reporting requirements, and raising nonprofit wages. The Oregon Department of Administrative Services would oversee the 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.

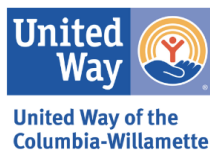
Workforce Retention Fund. Nonprofits need a stopgap measure that will help keep their workforce intact in the short term. A combination of low wages, lack of benefits, and the COVID-19 pandemic have had a devastating effect on workforce retention. The availability of one-time grants to nonprofit employers could make the difference between losing and keeping a valued employee. 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 cost of housing, childcare, and other rising living expenses make it impossible to make ends meet.

The Oregon Nonprofit Modernization Act is the first and most important step towards building a financial, statutory, and administrative ecosystem conducive to contracting success. Contracts, specifically those with nonprofits, are the operationalization of legislation to meet the policy intent of the legislature. Whether it is the passage of budgets that fund education, housing, human services, childcare, or health care, contracts are a required and important piece of the success of any legislation.

This is why the nonprofit and philanthropic sectors 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 that Oregonians have come to depend on.

Thank you for your consideration,

Oregon Nonprofit Modernization Act Campaign Team & Coalition







- Adelante Mujeres
- Affinity Projects
- Bend-Redmond Habitat for Humanity
- Black United Fund of Oregon
- Boys & Girls Clubs of Western Lane County
- Bridges to Change
- Camp Fire Central Oregon
- Cascade AIDS Project
- Cascadia Chamber Opera
- Children's Center of Clackamas County
- Chiloquin Visions in Progress
- Clackamas Women's Services
- Community Alliance of Tenants
- Community Coalition of Empire
- Consulting & Mediation Services
- Cornerstone Associates Inc.
- Curry County Suicide Awareness & Prevention Council
- Domestic Violence Resource Center
- Family Of Friends Mentoring
- FrontlineServicesPDX
- Geos Institute
- Grants Pass Museum of Art
- Habitat for Humanity of Lincoln County
- Integral Youth Services
- John Ng
- Kairos PDX
- Kathy Kniep Consulting
- Laurel Hill Center
- Lines for Life

Medford Children's Therapy
Montessori Northwest
Neighborhood Partnership
Neurotherapeutic Pediatric Therapies, Inc
Nichola Stein
Northwest Pilot Project
Numu Allottee Association
Open Adoption & Family Services
Oregon CASA Network
Options Counseling and Family Services
Oregon Adult Soccer Association, Inc.
Oregon Human Development Corporation
Oregon Recovers
Oregon Robotics Tournament and Outreach Program
Period, Inc.
Pride Northwest, Inc.
Projection Access Now
Real Possibilities by D.P.Redding Inc.
Remodeling for Independence Together
Robert Watada
Rogue Valley Family YMCA
Sahaan McKelvey
Save World Art
Serendipity Center, Inc.
Shangri-La
Sirimangala Buddhist Monastery
Sisters Folk Festival, Inc.
Social Ventures Partners
SquareOne Villages
Steinkopf Strategies
Sunshine Foundation of Oregon
The Arc Jackson County
Transplants In Action
Tualatin Together
WACP
Warm Springs Community Action Team
Upward Development, LLC