



Nonprofit Association of Oregon
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Testimony in Support of SB 595
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Nonprofit Association of Oregon

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NAO is a registered 501(c) (3) nonprofit organization representing over 1,100 charitable nonprofit organizations and affiliate members across Oregon. Our members are located throughout the state and come from all areas of the nonprofit sector serving our communities, including education, disaster recovery, health and human services, the arts, and environmental protection and veterans' services. NAO's mission is to strengthen the collective voice, leadership and capacity of Oregon nonprofits to enrich the lives of all Oregonians. More information about our many programs and services can be found at www.nonprofitoregon.org.

NAO supports SB 595. This bill ensures that the Oregon Dept. of Human Services funds services adequately by including inflation and cost-of-living adjustments to multi-year contracts with nonprofit organizations. Currently, it is not the practice in state budgeting to include inflation and cost-of-living adjustments for multi-year contracts. As a result, the real dollar value of the contract decreases over time. This creates pressure on the nonprofit to deliver the same level of services while labor costs, and costs of goods and services rise year over year. Without adjustments, nonprofits have struggled to retain employees. In fact, NAO's [recent study](#) found that workers in the nonprofit sector have the highest rate of turnover as compared to the private and public sectors. This is because nonprofit wages are not keeping up the rising costs of basic necessities.

Without SB 595, a lack of fairness can exist in contracting with nonprofits. For example, you can have two nonprofits providing the same service but are paid at different rates. This could be due to when the contracts were initiated or renewed. A new contract would be negotiated at current inflation and labor costs estimates while an older contract would have been negotiated with dated inflation and labor costs estimates. Having annualized inflation and cost-of-living adjustments would eliminate this unfairness.

SB 595 is the by-product of the work of the state [Task Force on Modernizing Grant Funding and Contracting](#). The task force was charged with identifying factors in government grantmaking and contracting that lead to lower wages in the nonprofit sector. The task force made several [recommendations](#), among them was adding inflation and cost-of-living adjustments for multi-year contracts of programs that require participant outcome changes over time. The only difference between SB 595 and the task force recommendation is that it recommended this for all agencies, not just the Dept. of Human Services.

Thank you for this opportunity to testify.