

April 7, 2025

Senator Chris Gorsek Senator Kayse Jama Senator Khanh Pham Representative Willy Chotzen Representative Zach Hudson Representative Hoa Nguyen Representative Ricki Ruiz Representative Thuy Tran Representative Andrea Valderrama

Oregon Legislature 900 Court Street NE Salem Oregon 97301

RE: Senate Bill 602 - Task Force on Modernizing Nonprofit Grant Funding and Contracting Recommendations

Honorable Senators and Representatives:

Our Just Future joins with Oregon's nonprofits to ask you to support the <u>recommendations of the state</u> <u>Task Force on Modernizing Grant Funding and Contracting</u> by passing Senate Bill 602. The recommendations are designed to improve the process and outcomes of government grants and contracts by empowering nonprofits to deliver critical services efficiently and cost effectively to Oregonians.

Our Just Future (OJF) is a community-based organization that provides affordable housing, emergency homeless shelters and a range of critical community-based services and programs that support the economic and housing security of residents across your Districts in East Portland, Gresham, and East Multnomah County. Our mission is to push back on the forces causing poverty and homelessness by partnering with families to support their ability to survive and thrive and by partnering with community to build housing and community assets that help transform neighborhoods.

Like many Oregon nonprofits, Our Just Future has experienced significant challenges delivering critical publicly funded services because of how state and local governments structure public-funding contracts and investments with organizational partners like OJF. Too often, public cap or limit how providers of service can bill for expenses in ways that undermine service provision. For example, caps on administrative or indirect expenses that reimburse costs related to accounting, payroll, data tracking and compliance - staffing critical to the ensuring both the accountability the public expects from these contracts and timely and accurate payment of expenses like rent or utility bills needed to prevent harmful outcomes – result in understaffing at service organizations. At OJF, we have had to reduce our

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OUR JUST FUTURE

WORKING TOGETHER FOR RACIAL, HOUSING & ECONOMIC JUSTICE IN EAST MULTNOMAH COUNTY, OREGON

accounting team over the last few years in response to our inability to recover sufficient funding from public contracts to support the team needed to get the work done appropriately. These staff reductions have come at a time when the amount of rental and utility assistance we administer is increasing, putting us at risk of audit challenges, late vendor payments and workforce burnout.

This type of underfunding also drives down wages at safety net service providers like Our Just Future, leaving too many of our staff vulnerable to the very housing insecurity and homelessness they show up courageously each day to combat in our community. In the last several years, we have had to divert increasing organizational resources to create an emergency fund to help prevent our own hard-working staff from facing eviction. Fair public contracting in our state should support livable wages, should cover the full direct and indirect cost of providing critical services and should respond to inflation by providing appropriate annual COLAs and revenue adjustments on renewal that ensure that the service providers our community depends upon can meet rapidly rising expenses like insurance, utilities and health care so their operations remain sustainable. Fairness in contracting demands nothing less.

Senate Bill 602, if enacted, improves and streamlines how government grants and contracts are structured and administered. The Bill would modernize how our public sector contracts with nonprofits, ensure more timely payments, provide organizations contracting with the state with improved cash flow by implementing advance payments and would put in place an advisory council and permanent infrastructure to ensure fairness and consistency in public contracts to promote the long-term financial health of the community safety net we depend upon and a livable wage for the people working on the front lines of our state's most important battles for justice. SB 602 puts us on the road to sustaining the people and nonprofit infrastructure our state relies upon.

To review all of the task force's findings and recommendations, we encourage you to read the full <u>report</u>. I would be more than happy to expand upon the challenges OJF is confronting or to answer any questions. We hope that we can count on your leadership in guiding the passage of Senate Bill 602. Thank you.

Sincerely,

Aluth

Andy Miller Executive Director

Cc Senate Rules Committee

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