



NORTHWEST HEALTH
FOUNDATION

April 11, 2025

Senate Committee on Rules
900 Court St. NE
Salem, Oregon 97301

RE: Vote yes on SB 602 – Oregon Nonprofit Grant and Contract Modernization Act Dear

Chair Jama, Vice-Chair Bonham, and Rules Committee members –

The nonprofit sector is the avenue by which Oregon accomplishes its many goals and the sector represents a workforce that shapes the state's economy. In short, an unstable sector is an unstable state, which is why we at Northwest Health Foundation, are in support of Senate Bill 602 with the forthcoming amendments.

We have been actively involved in the work to ensure equitable pay for our nonprofits for years, including as a member of the recent Modernizing Grant Funding and Contracting Task Force.

Our foundation grants to over 100 nonprofits across the state so we speak from experience when we tell you that the proposals in SB 602 would make significant, positive impacts for Oregon's nonprofits.

During the many months of serving on the Task Force, leaders across the sector, and the state, gathered to discuss areas for improvement in this work. At the conclusion, Task Force members wrote a series of recommendations for the legislature that would benefit nonprofits, the state, and taxpayers alike. We are thrilled to see so many of our recommendations in the bill.

Of critical importance, the Task Force encouraged an update to Oregon Revised Statutes and Oregon Administrative Rules to ensure agencies comply with the Federal Office of Management and Budget guidelines for administrative rates. These administrative rates can go a long way in ensuring that staff are paid fairly and that the full cost of programs are covered.

SB 602 would require providing advance payments of 25% for contracts that are in response to emergencies and permits advance payment in other cases as well. This will allow nonprofits to

immediately start their contracted work without having to rely on outside funders or commercial loans.

The bill requires evaluation and a recommendation of a centralized database to manage grant making. As a grant maker with not nearly the volume of grants the state has, we have a database that makes our job easier, more efficient for both staff and applicants, and allows us to track critical data. We want the same for your staff and those you partner with.

The Task Force also recommended a requirement of agencies to track rates of on-time payments of invoices. We heard repeatedly from nonprofits that late payments cause serious cash flow issues, which is detrimental to any type of business. Moving forward, let's track these payments and hold agencies accountable to their negotiated payment schedules.

Finally, even some legislators were surprised to learn that cost-of-living adjustments provided to state agencies were not automatically passed on to subcontractors. The -1 amendments authorize agencies to include COLA adjustments for contracts exceeding 12 months or extended beyond their original term, ensuring fairness and consistency.

Senate Bill 602 will make a meaningful difference to a sector that is critical to the state's success.

Thank you,

Felicita Montebianco
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Northwest Health Foundation