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
And these additional nonprofits and individuals:

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<th>Adelante Mujeres</th>
<th>Neurotherapeutic Pediatric Therapies, Inc</th>
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<td>Boys &amp; Girls Clubs of Western Lane County</td>
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<td>Bridges to Change</td>
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<td>Community Coalition of Empire</td>
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<td>Consulting &amp; Mediation Services</td>
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<td>Cornerstone Associates Inc.</td>
<td>Real Possibilities by D.P.Redding Inc.</td>
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<td>Curry County Suicide Awareness &amp; Prevention Council</td>
<td>Remodeling for Independence Together</td>
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<td>Dianohia Academy College</td>
<td>Rogue Valley Family YMCA</td>
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<td>Diversability Inc</td>
<td>Rural Development Initiatives</td>
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<td>Domestic Violence Resource Center</td>
<td>Sahaan McKelvey</td>
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<td>Family of Friends Mentoring</td>
<td>Save World Art</td>
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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
Micronesian 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