



THE NONPROFIT  
ASSOCIATION OF  
OREGON

**Testimony of Jim White  
Nonprofit Association of Oregon**

SB 606  
March 6, 2023  
Senate House Committee on Finance

The Nonprofit Association of Oregon (NAO) supports the passage of SB 606.

NAO is a registered 501(c) (3) nonprofit organization representing over 1,550 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](http://www.nonprofitoregon.org).

Oregon is grappling with many challenges that are acute and in need of strategic investments into solutions that result in the greatest positive impact. Many of our esteemed representatives know the ways in which the communities that you represent are struggling. Whether that struggle is in a community facing epidemic addiction, housing and homelessness or recovery from wildfires, the State of Oregon is positioned to either remove barriers to support and growth or to allow them to remain in place hindering the public benefit that could be brought to bear on some of Oregon most pressing issues. SB 606 is an opportunity for the state to adopt important changes in grantmaking and contracting that will support nonprofits in supporting communities.

The nonprofit sector, like the private sector, is not immune to common challenges such as inflation, rising labor and healthcare costs, retirement and benefits expenses, and the impacts of COVID-19 pandemic. Historic low wages and subpar benefits in the nonprofit sector, partly fueled by wage suppression in government funding, have left this workforce more vulnerable to the housing crisis, unaffordable childcare and healthcare, as well as other rising costs of living expenses. This in turn has left many nonprofits to face high staff turnover. SB 606 is a means to help turn build a future in which nonprofit staff will thrive in healthy organizations that support the critical services that the state relies upon to serve Oregon communities.

Last year, NAO conducted a survey-based research study on Government to Nonprofit Contracting in Oregon. The resulting report "[Systems, Services and Solutions](#)" has been entered as testimony for the Committee's information.

There were 14 serious deficiencies identified and 8 of those drew more than 50% of respondents to name them as a "top challenge" to the success of their nonprofit's programming and operations. As examples:

- 77% of survey respondents named a lack of sufficient resources to meet administrative needs to ensure the spending of public funds is efficient and effective. This is directly tied to low administrative rates that government allows nonprofits to use for overhead costs.
- 72% identified difficulties in application procedures.



THE NONPROFIT  
ASSOCIATION OF  
OREGON

- 71% ranked inconsistent adjustments to funding levels over time as a major factor with rising costs and inflation leaving nonprofits with less resources to meet the same contracting requirements year-after-year.
- Additionally, respondents noted slow payments for services delivered even when payment schedules are stipulated in contracts.

As one nonprofit leader in health services stated: "I'd like to see government advancing expenses to organizations who don't have the cash flow to wait months for government entities to process contracts but are still expected to start the work."

While the list of challenges exceeds the solutions identified in SB 606, we believe that it begins to address some of the most pressing needs:

1. \$40 million Nonprofit Employee Retention Fund to keep valuable employee assets in place;
2. Immediate changes to contracting and grantmaking rules regarding payments and administrative rates; and
3. Creation of a Task Force to study the challenges and offer solutions so that nonprofits can better assist government in supporting our communities.

SB 606 is an opportunity for the State to quickly and effectively harness the tremendous capacities of the charitable nonprofit sector for the joint mission that we hold together with the public sector in creating and fostering positive change in our communities.

For all of the above reasons, NAO supports the passage of SB 606.