



NORTHWEST HEALTH
FOUNDATION

March 8, 2023

Chair Gelser Blouin, Vice Chair Robinson and Members of the Committee,

Northwest Health Foundation writes to you with enthusiastic support for Senate Bill 606. Northwest Health Foundation works to support, advance and promote health in Oregon and SW Washington. We funded 86 organizations across Oregon last year and have given more than \$114 million dollars since we were founded in 1997.

It's not lost on us how little \$114 million is in comparison to the State's annual contracting and granting with nonprofits. Nor is it lost that while we give for charity, the State contracts and grants to nonprofits to help deliver public services. Examples include after school care, the development of affordable housing, tax assistance and support for individuals with intellectual and developmental disabilities.

COVID-19 only increased the number of contracts as nonprofits used their nimbleness, trust in their communities, language and cultural skills and more, to pivot to vaccine education, emergency shelter, and otherwise filling in the gaps that the state couldn't cover itself.

While they don't do it for a profit, these organizations are still businesses with payroll and bottom lines, competing for talent, faced with inflation and asked to do too much for too little. Northwest Health Foundation and Nonprofit Association of Oregon have talked to more than one hundred nonprofits currently contracting with the State and it's unanimous: it's not going well and it's not sustainable.

Highlights you will see in submitted testimony for Senate Bill 606 include:

- Late payments that make nonprofits financially unstable
- Inconsistent reporting requirements across agencies and even departments
- Little to no increase in payments for work over multiple years, not recognizing inflation

But while the list of frustrations is long, the solutions exist among the organizations doing the work and the talented staff in our public agencies. We know that our state government consistently recognizes the need for competitive pay, good benefits and a solid administrative backbone for its employees to ensure the delivery

221 NW Second Avenue,
Suite 300
Portland, OR 97209

503.220.1955

northwesthealth.org

of effective services. We shouldn't betray those same values when we contract with nonprofits. And we don't have to.

This is why Senate bill 606 advocates for, among other things, a task force which would tackle concerns across geographies, state agencies and nonprofit leaders. They would return to the legislature next year with recommendations to shape administrative changes and Oregon law.

The bill would also implement some immediate fixes to help ensure that no nonprofit has to struggle to pay its employees because the state is so very late in paying its bills. This includes requiring the state to honor the federally Negotiated Indirect Cost Rate Agreement (NICRA) which would put the state in compliance with federal guidelines.

Thanks so much for providing us an opportunity to share our perspective and for your service to Oregon.

All the best,

A handwritten signature in black ink, appearing to read "Jesse Beason". The signature is stylized with large loops and a long horizontal tail extending to the right.

Jesse Beason
President and CEO