

March 6, 2025

Governor Tina Kotek  
Senate President Rob Wagner  
Speaker Julie Fahey  
Ways and Means Co-Chair Senator Kate Lieber  
Ways and Means Co-Chair Representative Tawna Sanchez  
Oregon Legislature  
900 Court Street NE  
Salem Oregon 97301

Governor Kotek & Legislative Leadership:

RE: Senate Bill 602 - Oregon Nonprofit Grant and Contract Modernization Act

Oregon's nonprofits ask you to support the recommendations of the state Task Force on Modernizing Grant Funding and Contracting. Enacting the recommendations will improve the outcomes of government grants and contracts by empowering nonprofits to deliver critical services efficiently and cost effectively to Oregonians. Please pass [Senate Bill 602](#).

Two years ago, the Legislature passed [Senate Bill 606](#) to create the task force. It was charged with examining how the state's granting and public practices limit the wages of nonprofit organizations.

A few of the task force's key findings are:

- There are no cost-of-living adjustments for government grants and contracts with nonprofits. The state agency budgeting process does not incorporate a reliable or trusted method for calculating the true costs to achieve grant and contract outcomes or meet overhead costs. This limits the ability of nonprofits to pay competitive wages or cover required expenses like background checks, insurance, and training requirements.
- There is no consistency across state agencies in budgeting, payment practices or adherence to federal OMB guidelines on administrative rates for grants. The results are a disjointed patchwork of inconsistent administrative rates and directives for nonprofits to follow.
- The state lacks a centralized mechanism for oversight and continuous service improvement in grant and contract management with nonprofits.
- There is no uniform guidance on managing grants for state agencies to follow. Each state agency has its own procedures and management practices. This has led to redundancies, inconsistencies and misapplication of state law and federal guidelines.

The cumulative effect has created a problematic trend where workers are leaving the nonprofit sector at a much higher rate than the public or for-profit sectors. It has been documented and regularly reported that nonprofits are facing significant challenges with recruiting and retaining enough workers to carry out critical community services. Late contract payments and grant reimbursement payment methods have become common, impacting the cashflow of many nonprofits that partner with government. Some nonprofits have had to tap financial reserves or open a line of credit just to make payroll. Flat funding, budget cuts, and rate inconsistencies have caused nonprofit wages to stagnate and have undermined the necessary infrastructure for human resources, program reporting, training and employee retention. A [recent national study](#) found that 22 percent of nonprofit workers do not earn enough income to cover basic necessities.

In Oregon, NAO found in [a first-of-its-kind study on government suppression of nonprofit wages](#) that one in ten workers work in the nonprofit sector. Sixty-seven percent of the nonprofit workforce are women as compared to 44.8 percent in the for-profit sector. The nonprofit sector has a higher concentration of BIPOC workers than the public or for-profit sectors. Overall, it is women and people of color in the nonprofit sector that bear the brunt of the deficiencies in our grants and contracts system which have led to low wages.

Senate Bill 602 is designed to maximize the ability of nonprofits to provide government funded services efficiently and cost effectively. It streamlines administrative procedures, reduces redundancies, eliminates inconsistencies, and promotes mechanisms that provide centralized accountability.

Senate Bill 602 highlights:

- Encourages cost estimates for ongoing nonprofit grants or contracts in the budget development process to inform budget decisions made by the executive and legislative branches.
- Encourages state agencies to make advance payments for funds equivalent to one-quarter of the annual value at the start of each new fiscal year for both new and ongoing contracts and grants.
- Requires agencies to track rates of on-time payments of invoices to ensure they meet the payment schedule agreed to in the contract or grant agreement.
- Updates all necessary ORS/OARs to encourage state agencies to comply with the federal OMB guidelines for administrative rates ([2 CFR 200](#)), which mandate that contracts include either a de minimis standard (currently set at 15%) or the organization's approved negotiated indirect cost rate agreement (NICRA).
- Initiates steps to create a new set of ORS with OAR's specifically for grants. This will streamline Oregon's grants management by promulgating a uniform set of guidance for state agencies to follow.
- Initiates planning to create a centralized statewide grant management database to integrate procurement and program management workflows, store organizational information (organizational profile) and application details, and operate as a repository for reports and training materials.
- Encourages COLA/inflation adjustments for contracts or grants if the contract exceeds 12 months or longer.
- Creates an office of nonprofit partnership and establishes a nonprofit advisory council to oversee service improvements, implementation, and compliance.
- Ensures that the cost of reporting and insurance requirements in contracts and grant agreements is covered by the indirect rate/NICRA sufficiently.)

To review all of the task force's findings and recommendations, we encourage you to read the full [report](#).

Grants and contracts with community-based organizations are how the government partners with the public to address challenging social problems. They should be designed to maximize the benefits of community-based service delivery where public trust and cultural expertise are important. When administrative procedures and funding levels are deficient, the community and nonprofit workers' pay

for it. This is why enacting as many of the recommendations is important to the success and outcomes of grants and contracts.

When it comes to government grantmaking and contracting, Oregon nonprofits should be treated like the community partners that they are and not as traditional procurement vendors. They bring many intangible benefits that are invaluable to the success of grants and contracts.

We hope that we can count on your leadership in guiding the passage of Senate Bill 602. Thank you.

Sincerely,

A Greater Applegate  
A Village for One  
Adelante Mujeres  
Alliance for Equity in Montessori Education  
American Legion Auxiliary Albany Unit 10  
Anima Mundi Productions  
Baby Blues Connection  
Banyan Coaching and Consulting  
BestCare Treatment Services Inc.  
Blanchet House  
Bloom Anew  
Bradley Angle  
Bridge Meadows  
Camp Fire Central Oregon  
CASA of Linn County  
CASA of Oregon  
Central Oregon Health Quality Alliance  
Central Oregon Center for the Arts  
Central Oregon Mastersingers  
Centro Cultural  
Children's Institute  
Chronic Illness Grit and Grace  
Circle of Friends  
Community Alliance of Tenants  
Cracked Pots  
Cultural Advocacy Coalition of Oregon  
Deschutes Children's Foundation  
Diversability Inc  
Do Good Multnomah  
Dreamcatcher Community Farm  
Dusty Visions  
East Cascades Works  
El Programa Hispano Catolico  
Farmers Market Fund  
Farmworker Housing Dev. Corp.  
Firebrand Resiliency Collective  
Fishtrap Inc  
Friends of Outdoor School  
Friends of the Columbia Gorge  
Gray Family Foundation  
Greenhill Humane Society  
Grow Portland  
Growing Gardens

Habitat for Humanity of Lincoln County  
Hand Up Project  
Heidi Duckler Dance Northwest  
HIV Alliance  
Human Services Coalition of Oregon  
Hunger Fighters Oregon  
Immigration Counseling Service (ICS)  
Impact NW  
Jackson Street Youth Services  
Jen Hernandez Art LLC  
Jenny Brausch Business Solutions LLC  
Joyful Noise Child Development Centers  
Kathy Kniep Consulting  
Keller Williams Government Services  
Labor's Community Service Agency  
Latino Community Association  
Latino Network  
LiFEBoat Services  
Lines for Life  
Living Opportunities Inc  
LoveOne  
Metropolitan Family Service  
Micro Enterprise Services of Oregon (MESO)  
Micronesian Islander Community  
Mosaic Consulting  
Narwhal Law and Business Strategy  
National Coast Trail Association  
NAYA Action Fund  
Network of Oregon Watershed Councils  
New Avenues for Youth  
Nonprofit Association of Oregon  
North Coast Food Web  
Northeast Oregon Network  
Northwest Family Services  
Northwest Health Foundation  
NTEN  
Olalla Center  
Old Mill Center for Children and Families, Inc.  
Options Counseling and Family Services  
Oregon Alliance (of Children's Programs)  
Oregon Child Abuse Solutions  
Oregon Contemporary Theatre  
Oregon Food Bank  
Oregon School-Based Health Alliance

Oregon Sexual Assault Task Force  
Oregon TRIO Association  
Oregon Zoo Foundation  
Our Just Future  
Outdoor Education Adventures  
Parkrose NPI  
Partnerships In Community Living, Inc  
Pathway Enterprises, Inc.  
Performance Works NorthWest  
Prism Moves  
Project Access NOW  
Raphael House of Portland  
Raziah Roushan, Inc.  
Reading Results  
REAP  
Rogue Valley Family YMCA  
Rose Haven, C.I.C.  
Samara Learning Center  
Sasquatch HR  
Saturday Academy  
Seed of Faith Ministries  
Self Enhancement, Inc.  
Serendipity Center, Inc.  
SFF Presents  
Shangri-La  
Silverton Area Seniors Inc  
South Lane Mental Health  
Squeaky Wheel Grants  
Steinkopf Strategies  
Stone Soup PDX  
Sunriver Nature Center & Observatory  
Susan Matlack Jones & Associates  
The Arc Jackson County  
The Father's Heart  
The Immigrant and Refugee Community  
Organization  
The Pathfinder Network  
The People's Nonprofit Accelerator  
Tualatin Riverkeepers  
Tualatin Together  
Tucker Maxon School  
Umpqua Homes, Inc.  
Unidos Bridging Community  
United Way of Lane County  
United Way of the Columbia-Willamette  
Unity Shelter  
UTOPIA PDX  
Weston Area Development Association  
Young Roots Oregon