Impacts of Government Contracts and Grants on Nonprofit Wage Disparities in Oregon

A Qualitative Study

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In Collaboration With
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Introduction

The Nonprofit Association of Oregon (NAO) and the Research Justice Institute (RJI) at the Coalition of Communities of Color (CCC) partnered to study how human service nonprofits in Oregon experience wage inequities and disparities in government contracting and grants. For this study, human service nonprofits refer to those providing a range of services including: general welfare (e.g., for seniors and people with disabilities), housing and homelessness, pre-k child and youth (e.g., foster care, early intervention programs, mentoring), and health and mental health.

We begin by discussing approaches from previously published reports to understanding the nonprofit wage disparity and why nonprofit wages, nationally and locally, are consistently lower than comparable roles in the public and for-profit sectors. We include recent Oregon- and Washington State-specific studies that provide insight into human services nonprofits' challenges when entering into funding contracts with governments and a summary of how Oregon addresses the nonprofit wage disparity.

For the primary data collection, RJI took a two-pronged qualitative approach to this research. First, we sought to provide qualitative data to better understand areas where previously collected quantitative data demonstrated nonprofit wage disparities in Oregon. Those areas included hiring and retention, compensation, and sector-specific comparisons. Second, we aimed to provide more context about human service nonprofit work that is not reflected in quantitative data, what we refer to as unrecognized labor. This means expanding the public's understanding of the often-unrecognized value of human service nonprofit

workers and those serving marginalized populations of work that are often not considered in job descriptions, contractual agreements, and most dominant culture wage disparity research. Researchers collected data via focus groups and interviews with human service nonprofit executive directors, senior leaders, and workers across Oregon between July and December 2024. We detail the research methods, topics, and questions asked in the methodology chapter.

Next, we present the research findings in three main sections:

1. Operating amid unfair government contracts and grants
2. Conditions that sustain the wage disparity
3. Prevalence of unrecognized labor means uncompensated labor.

The first section focuses on the realities nonprofits face in carrying out the work of government contracts and grants with unfair compensation. We explain approaches nonprofits must take to manage unstable cash flow, push back against unfair contracts, assert agency through refusal, and retain workers.

The second section focuses on the conditions nonprofits face that sustain the wage disparity, particularly in the application processes and contract requirements, restrictive allocation of funds that do not reflect true costs, uncertainty and delays in contracting, reimbursements, future funding, and competing against government wages and employee turnover.

The third section details what we've come to understand as unrecognized labor, which is uncompensated labor that leads to worker burnout and staff turnover. We share various examples of how nonprofit workers, mainly, but not limited to, those working in culturally specific and responsive settings, take on multiple roles to properly deliver a service or program. Additionally, we highlight how the ongoing labor of building relationships, being constantly "on call" as bilingual and bicultural staff, needing self and peer-guided technical

capacity building, and offering spiritual labor for peer-to-peer well-being results in chronic stress and vicarious trauma.

Finally, we end the report with recommendations on improvements to government contracts and grants, possible advocacy campaigns, and expanding existing efforts such as the state Task Force on Modernizing Nonprofit Grant Funding and Contracting.

Unpacking the Nonprofit Wage Disparity

We begin this section by discussing approaches to understanding the nonprofit wage disparity and, in particular, why nonprofit wages, nationally and locally, are consistently lower than comparable roles in the public and for-profit sectors. Three concepts help to understand the nonprofit wage disparity, which we briefly discuss in this section: comparable worth, organizational inertia, and market conditioning. We then review some recent Oregon- and Washington State-specific studies that provide insight into the challenges that human services nonprofits face when entering into funding contracts with governments. Finally, we present a summary of how Oregon is addressing the nonprofit wage disparity.

Understanding the nonprofit wage disparity

Simply defined, a nonprofit wage disparity is when wages for work done in the nonprofit sector – as defined in the introduction of this report – are demonstrably lower than comparable work done in other sectors, namely public and for-profit. A recent study by the Nonprofit Association of Oregon and EcoNorthwest found that the wage disparities between human services nonprofits and for-profit and public sector wages are significant in Oregon. According to the study, when age, gender, educational attainment, race, ethnicity, and hours worked are taken into account, human services nonprofit wages are up to 55% lower than their counterparts in the for-profit sector and up to 77% lower than their public sector counterparts. [1]

In another recent study by the University of Washington, the authors named several penalties that human services nonprofits incur that result in the suppression of wages.[2] These penalties include:

- Gender penalty – the persistence of sexism means that women, overrepresented in the workforce, continue to be paid less. In Oregon, 66.6% of the workers in the nonprofit sector are women. [3]

- Racial penalty – the persistence of racism means that people of color, who make up a large proportion of the workforce, continue to be paid less.
- Care penalty – due to the devaluation of care work, because of its association with women – and especially women of color – and the domestic sphere, this type of work is paid less.
- Low client power penalty – because the populations served by human service nonprofits have less economic and political power, wages for the work do not reflect the labor, skills, and knowledge needed to do the work.
- Outsourcing/sector penalty – a large proportion of nonprofits are funded through public sector contracts and grants, which have resulted in wage suppression (more on this later).

In understanding the contexts and conditions that produce the nonprofit wage disparity, we propose that the following three concepts are essential for understanding nonprofit wage disparities and their complex drivers:

- Comparable worth
- Organizational inertia
- Market-based conditioning

We discuss each of these concepts briefly. While we are not experts in labor markets, we understand the importance of situating complex issues in their social and historical contexts.

These three concepts do a good job of this and constitute a starting framework for considering why nonprofit wage disparities persist.

The first key concept for understanding wage disparities is the notion of **comparable worth**.

Unlike the "equal pay for equal work" perspective on wage inequity, which assesses wage fairness for the same jobs, comparable worth theory assesses wage fairness across jobs requiring similar levels of skill, effort, responsibility, and work conditions. When wages across comparable jobs are different, there is a wage disparity. Further, a comparable worth approach is more attuned to evaluating how the legacy of oppression, like racism and sexism, has shaped wage inequities.

> ***Comparable worth…acknowledges that various forces have shaped employment patterns and suppressed wages in the non-profit human services sector over time, including race and gender discrimination, wage penalties for caring labor, and decisions made by federal and local policymakers.*** [4]

Why are nonprofit wages lower compared to public and for-profit sector wages? Nonprofit wage disparities can be explained by many factors – several of which are discussed in this report – but the legacy of oppression is a factor that tends to be overlooked. For decades, and especially after the civil rights legislation of the 1960s, the perception is that discrimination in employment is a thing of the past. And yet, empirical studies demonstrate otherwise. The main consensus is that:

> ***…discrimination from 100 years ago affects wage structures today, even if women and persons of color are not legally or strongly socially restricted to certain industries.*** [5]

Furthermore, present-day wage disparities signal the persistent devaluation of this kind of work, which at its core is care-work. Organizations – governments, nonprofits, for-profits – play a key role in supporting the suppression of wages the concept of **organizational inertia**, [6] introduced in the book by Jake

Rosenfeld (2021), *You're Paid What You're Worth: And Other Myths of the Modern Economy*.
Organizational inertia refers to the tendency of organizations to maintain existing practices, even when those practices are outdated, inefficient, or unfair. Let's consider the following three forces that contribute to organizational inertia:

- Resistance to change. Organizations are slow to update their pay practices, even when evidence shows that they are discriminatory or inequitable. These outdated practices often rely on, for instance, historical wage data – in which racism, sexism, ableism, etc. are baked in – rather than reassessing and adjusting pay structures.
- Reinforcement of inequities. Organizations perpetuate the devaluation of certain roles, especially those that are gendered and racialized like caregiving and administrative work, by paying less even if the required skills, effort, and responsibilities are comparable to higher-paid roles.
- Attachment to cultural norms and biases. Wages and salaries are not objective translations of the value of work; instead, they are culturally mediated. For example, leadership is culturally valued more than care-work, because the former is associated with masculine characteristics – productivity and being in the public sphere – while the latter is associated with feminine characteristics – emotions and being in the domestic sphere. As such, leadership is valued more and paid higher than care-work.

Together, these forces ensure that organizational inertia continues to result in the suppression of wages for a nonprofit workforce that is skewed towards women and people of color, particularly in non-leadership and frontline roles.[7]

Lastly, to understand the roots of the nonprofit wage

disparity, we must acknowledge the harms caused by the encroachment of profit-seeking motives into our public-serving institutions, especially over the past fifty years. Scholars refer to this movement in various ways, including neoliberalism, financialization, and audit culture. Following Richael Faithful and Mala Nagarajan's 2024 article on "restorative compensation" in the journal, "Nonprofit Quarterly," we use the term **market-based conditioning** to refer to the "push to run government services and nonprofit organizations more like businesses: efficiently and 'at a profit'." [8]

Considering the cultural, economic, and political pervasiveness of this conditioning, in many ways, most organizations, if not most individuals, are complicit in operating in ways that align with market-based logics. However, to build more equitable systems and organizations, it is incumbent on us to be critical of our current context. Many nonprofits, despite their social justice driven missions, are complicit. Nonprofits can, and do, reproduce the norms, beliefs, and practices that are at the root of wage disparities – largely that certain work "deserves" to be paid more and other work less, and that the market is an arbiter of fairness. Nagarajan reminds us that:

> ***When we look at the market to decide how to pay people we're going to see that women's labor, emotional labor, care work, dirty work, however you want to call it, the work that has been done by people of color and women and immigrants, is often devalued in the market and other work such as financial investing or lawyers or attorneys, not in every organization but it's often, overvalued.*** [9]

Addressing the nonprofit wage disparity is, therefore, also about questioning how we've been conditioned to accept certain realities as normal and immutable. It is about challenging the assumptions and practices that lead to continued harm and exploitation and generate outcomes that do not serve the well-being of most.

How government contracts and grants contribute to the nonprofit wage disparity in Oregon

According to EcoNorthwest's 2024 study, nonprofits accounted for 10.6% of Oregon's workforce, underscoring their essential role in providing human services and community support. [10]We remind readers about the breadth and scope of the nonprofit work, especially those delivering human services:

> ***Human services organizations operate early childhood learning centers, special education programs, teen programs focused on youth behavioral health, job training and employment supports for young and less experienced workers, and supports for elders such as home health care. Human services workers also provide essential services to support the well-being of individuals, families and communities experiencing crises, such as domestic violence, homelessness, food insecurity, or living through environmental natural disasters.*** [11]

Wage disparities in the nonprofit sector in Oregon have emerged as a significant issue. In a recent presentation from EcoNorthwest, the authors analyze data from the U.S. Bureau of Labor Statistics and find significant wage gaps for comparable work across sectors. [12]For example, they state:

- Case managers and social workers in the human services sector in Oregon had an average annual salary of $58,942, compared to an average salary for social workers in Oregon generally (all sectors: for-profit, public, and nonprofit) of $63,300.
- Substance abuse counselors in the human services sector in Oregon had an average salary of $56,246, compared with an average salary for substance abuse,

behavioral disorder, and mental health counselors in Oregon generally of $66,260.

- Rehabilitation specialists in the human services sector in Oregon had an average salary of $36,836, compared with an average salary for rehabilitation counselors in Oregon generally of $53,970.

These significant wage differentials are often established or reinforced by government contracts and grants, which many nonprofits rely on to pay their employees and fund programs. Government contracts and funding models increasingly dictate compensation levels, often resulting in a precarious financial landscape for many nonprofits. For instance, bureaucratic delays and wage formulas that don't keep up with inflationary pressures, such as cost of living increases, are some of the most widely experienced issues faced by nonprofits in Oregon. A recent audit of Multnomah County revealed the ongoing systemic problems with the county's contracting system. [13]One of the most consequential issues noted consistently by participants in our study was the extent of delayed payments to nonprofits. For example:

> ***Payments have been delayed, according to auditors' review of 232 invoices. Of 150 invoices to the Joint Office of Homeless Services and Department of County Human Services, about two-thirds were paid on time. Roughly half of the 82 invoices to the county's Health Department and Department of Community Justice were on time.***
>
> ***Auditors reviewed 31 "very late payments" — delays that could amount to months — and found that…74% of those late payments…"were due to issues within the county's control," auditors found. The issues included a lack of a signed contract or annual budget, misfiled invoices, not having ample funds or needing a correction before payment.*** [14]

Another widely experienced issue is how payment schedules are determined in contracts and grants. It is typical for government agencies to reimburse nonprofits after the work is complete. This creates a situation where "organizations may be operating in the red until the agreed-upon work is completed." [15]Paired with late payments, outdated contract monitoring policies, and the overall slowness of bureaucratic systems, nonprofits often do not have dependable cash flows, which can impact their ability to pay fair wages and lead to high turnover rates. Additionally, the financial pressures that government contracts and grants reinforce result in nonprofit employees opting to leave their underpaid work for better pay in comparable positions in government or the private sector. This trend further reveals the unsustainability of nonprofit wage inequities.

How Oregon is addressing the nonprofit wage disparity

In response to these challenges, legislative efforts such as the Oregon Nonprofit Grant and Contract Modernization Act were introduced to advocate for improved funding mechanisms and streamlined contracting practices aimed at stabilizing nonprofit operations and enhancing employee compensation. [16]

This bill also created the Governor's legislative Task Force for Modernizing Grant Funding and Contracting. [17]The Task Force was established to streamline contracting processes, improve payment delivery, and enhance nonprofit wages. Key recommendations include implementing uniform application procedures for grants and standardized contracting language allowing for flexibility. The Task Force emphasized that by reducing burdensome reporting requirements and supporting living wages, the state could foster a healthier nonprofit sector, ultimately benefiting the communities served by these organizations.

Methodology

Our methodology outlines the design of this research project. It details the steps taken to understand how human service nonprofits in Oregon experience wage inequities and disparities in government contracting and grants. We seek to provide a qualitative analysis to identify opportunities and strategies to increase nonprofit wages. This study design is illuminated in this chapter with two sections: 1) our approach to the study and 2) the methods we chose and used.

Our Approach to Examining Wage Inequities and Disparities

We are three queer researchers of color trained in social sciences and humanities with PhDs from dominant culture institutions. In this work, we use qualitative data to center the lived experiences of nonprofit workers as experts in their fields and communities. As community researchers, we use these lenses to work with our communities and leverage their stories as testimonies of how wage inequities and disparities impact their lives.

By centering the voices and experiences of nonprofit leaders and direct service workers, our work strives to challenge dominant data and narratives that often invisibilize their lived realities. Our research approaches and methods co-create knowledge with nonprofit workers to ensure that their insights inform the research process and recommendations. Through this framing, we encourage leaders at the state level to acknowledge and remedy the systemic barriers that perpetuate wage inequities and disparities and advocate for systemic transformation that honors nonprofit workers' expertise and labor.

Methods for Data Collection

We completed a qualitative analysis of focus groups and interviews. We conducted three focus groups (2 hours each) and six interviews (30-40 minutes each). In total, 25 participants were engaged, representing 20 human services nonprofits across Oregon. Participant roles consisted of Executive Directors or Deputy Directors (n= 11), other director-level roles/senior leadership (n=9), and direct service workers (n=5). Of the 20 organizations that participated, nine of them were large-sized organizations (50+ employees), five were midsized (15-49 employees), and six were small-sized (less than 15 employees). The organizations that participated serve the following regions: statewide (n=4), Portland Metro Area (n=6), Coast (n=4), Willamette Valley (n=2), North Central (n=1), Central (n=1), East (n=1), South (n=1).

Our study covered four broad topics with a series of questions for both leadership and direct service workers, assuming executive and senior leadership might have different answers than direct service workers.

Hiring and Retention:

- ***Leadership:*** What challenges do you face with hiring employees, particularly regarding the pay, security of position, and opportunity for pay advancement? Are the challenges different for folks coming from government or for-profit sectors compared to those from other nonprofits?
- ***Direct service worker:*** Why did you choose to work in a nonprofit over other similar service-providing sectors? Why do you stay in this role? What makes you want to leave? What would keep you employed here for longer?

Compensation:

- ***Leadership:*** To what extent do grants and contracts impact the level of compensation you can offer your employees? If it was up to you, what would you change about government contracts and foundation grants to ensure more pay equity?
- ***Direct service worker:*** What do you think you should be paid and why? What types of benefits are missing (examples of benefits include pension, vacation, sick leave, and health insurance)? What kind of policy is needed to achieve pay equity for nonprofit workers in your line of work?

Sector-specific comparison:

- ***Leadership:*** What do we need to know to advocate for grants and contract dollars that pay competitive wages for nonprofit human service workers?
- ***Direct service worker:*** What do you do in your role that is different from similar positions in government or the private sector? What do we need to know to advocate for better wages and benefits?

Uncompensated labor: *(leadership and direct services workers were asked the same questions)*

- What parts of your job are not typically included or fairly compensated in contractual or grant agreements, job descriptions, and/or organizational wage/salary raises?
- In what ways does this “unrecognized labor” impact you?
- What are the potential challenges or barriers to including these in contracts? What would it take for these kinds of unrecognized labor to be fairly compensated?
- Do you know of examples where contracts have fairly compensated this kind of labor?

The responses we analyzed provided contextual information on the impacts of nonprofit wage disparity in government contracting and grants. The data analysis consisted of three steps: initial coding, focused coding, and axial coding.

Three researchers completed initial coding by reviewing focus group and interview transcripts and notes, identifying data fragments (words, phrases, sentences) that convey meaning, and labeling each with a code to later organize into larger categories. We created over 100 initial codes. These codes were then analyzed to identify broader themes throughout the data, what we call focused codes.

The three researchers shared their focused codes, finding overlaps centered on systemic challenges and barriers to wage equity, government power over nonprofits, misalignments of values, covering costs, and resistance strategies. After further discussion, we reached a consensus with our focus coding that helped us break down the extensive list into 13 thematic codes, which make up the subsections/content of each main section of this report.

Our third step was axial coding, where we examined how the focus codes relate. During this process, we identified three axial codes that make up this report's main sections: operating amid unfair government contracts and grants, conditions that sustain the wage disparity, and prevalence of unrecognized labor means uncompensated labor.

Operating Amid Unfair Government Contracts and Grants

Human services nonprofits are critical in delivering essential services and filling gaps left by the public and private sectors. Governments rely on partnerships with nonprofits to provide these services due to their expertise, community connections, status as trusted organizations, and, in the case of many nonprofits included in this study, cultural affinity with the populations they serve. As such, it is common for nonprofits to receive the majority of their funding from government contracts and grants. For example, in the recently published report by the Joint Office of Homeless Services, 16 out of the 19 organizations included in the study received over 50% of their funding from public sector sources, and for 13 organizations, 75% or more of their revenue comes from government contracts and grants.[18]

However, we consistently heard that these contracts and grants do not fairly compensate nonprofits for the depth, breadth, and true cost of their work, including fair wages for employees. These inequities are further exacerbated in the case of nonprofits providing culturally specific and responsive services. When the full cost of service delivery is not covered, or payments are delayed, these strains have broad implications for nonprofits, their employees, and the communities they serve, such as higher staff turnover rates, employee burnout, and erosion of services.

In such conditions, nonprofits deploy a number of strategies that are often grounded in values that reflect their social justice-driven missions. We have identified four types of strategies that encompass the ways nonprofits operate in the midst of wage disparities:

- **Managing unstable cash flow** by “eating the cost” or leveraging other sources of income and funding
- **Pushing back against unfair contracts** by advocating directly for fair compensation and holding governments accountable
- **Asserting autonomy through refusal** by not applying for contracts/grants or rejecting their terms
- **Retaining workers** by advocating for higher wages, offering supplementary benefits, investing in staff capacity building, and creating a supportive workplace culture

Ultimately, we heard from participants a shared sentiment: the systemic underfunding of nonprofit programs perpetuates low wages, exacerbates workforce challenges, and ultimately undermines the sector's ability to deliver needed services and programs to community members.

Managing Unstable Cashflow

Securing dependable and stable cash flows is essential for any organization but particularly crucial for human services nonprofits. Without this, nonprofits struggle to maintain services for communities, pay staff fair wages, and, ultimately, retain staff. When government contracts and grants do not reflect the actual costs of doing this work and/or delay payments by months, this shortfall forces organizations to make difficult decisions, like prioritizing programmatic expenses over employee compensation, taking out loans, or dipping into reserves to cover employee wages.

An Executive Director expressed how the demands on nonprofits to provide essential community-based services do not match with the realities of what it takes to do this type of work. "There is no respect for organizations' cash flow, especially when they're asking us to, like, solve these huge problems, these systemic problems that are going on in the community”

Nonprofits resort to two tactics when government contracts and grants fail to cover the actual expenses required to run a program or deliver services to the community. The first tactic is leveraging other income sources. Leadership may cobble together funds to fairly compensate staff or create new positions that offer good pay. An Executive Director explained that:

> ***If I need to expand my team, I need to look at my budget. If I can't have a new position because I need to maintain my current staff, sometimes, I can squeeze it out of other budgets.***

The second tactic is what's often referred to as "eating the cost." This occurs when nonprofits absorb expenses by providing services and not receiving compensation upfront. This does, however, affect their ability to responsively and consistently serve their communities. A nonprofit leader stated:

> ***We have gone as far as three to six months waiting for reimbursements… [We]...have contracts with the county that we put out $120-150,000 every two months for the homeless population, and it's just gotten crazy that they're taking so long to get that money back to us. So that puts us in a really hard situation.***

Another Executive Director shared how doing frontline, essential services work, like ensuring that shelters are working and resourced, often means eating the cost of doing overtime work since government contracts and grants do not cover this extra time:

> ***I broke my leg trying to get to our shelter program during the ice storm…So, we have severe weather, things come up, emergencies come up, we have to eat the cost of our overtime if things like that happen.***

Eating the cost can also look like nonprofits having to accept funding amounts that do not cover the cost of doing the work. An Executive Director shared an experience of a government contract rescinding the originally agreed-upon quantity of funding and altering the terms of the agreement:

There's one time with Multnomah County that I'd gotten a contract, then they've come back and said, 'Hey, we have $600,000 less than we thought we had out of a million.' What am I going to do with that? And they're like, 'we can negotiate.' To what? I was already making a deal by taking the million. If I take anything less than that, we're screwed. So, what am I supposed to do? And now you want to say it's going to be broken up over several years. So, that puts us in even bigger bind. So, you can negotiate, [but] you don't get very far. It's either, okay, if this doesn't work for you, then don't sign the contract and we'll find somebody else. We're disposable.

Unfair government contracts are a primary source of creating cash flow challenges for nonprofits. To meet payroll, ensure the sustained quality of services, or avoid cutting programming, nonprofits are often forced to rely on other income sources or eat the cost, with both options resulting in increased strains on their budgets.

Pushing Back Against Unfair Contracts and Grants

Nonprofits encounter many challenges when applying for and receiving funding through government contracts and grants. In the next section, we do a deeper dive into these factors, but here are the ones that were most salient to participants:

- Rigid applications and contract requirements
- Restrictive allocation of funds
- Uncertainty and delays in payments
- No recognition, and therefore no compensation, for the varied types of labor needed to do the work

With so many challenges baked into government contracting processes and approaches, we learned how nonprofits are pushing back against these inequities and asserting agency, even in the context of significant power differentials.

For example, we heard from participants that identifying unfair practices can be approached as moments of negotiation in order to build awareness of and document instances of systemic inequities. As one Executive Director explained:

> ***We call for a meeting, ask for flexibility and are usually met with No's, strict deadlines, and needs to only fit into specific buckets. Even though they nearly always say no, we get it documented so we know at least our complaint was heard.***

A senior leader shared a version of this tactic: explicitly naming an inequity that has been normalized like paying contractors more than nonprofits for services that the nonprofit is often better positioned to provide:

> ***You pay your contractor far more than you pay us, but we bring more connections and efficacy to the work; we need to be paid in parity to contractors. Why is that designation treated differently? Should we be applying as contractors and not nonprofits?***

Similarly, an Executive Director stated that, "nonprofits should be seen as partners, not subcontractors. Carrying out essential, mandated work done by nonprofits is not the same as an ad hoc contractor or consultant."

Others shared that they intentionally create advocacy in-roads through recognizing and identifying unfair aspects of

contracts and grants. For example, one tactic that was mentioned was attending informational webinars about funding and taking the opportunity, in a public forum, to provide feedback, similar to a testimonial. The example of Measure 110 was provided: “We gave so much feedback and this fund got appropriated without any state regulation around it.” Another participant shared that when contracting processes are especially deemed unfair, they organize laterally to ensure their voices are heard. “We get our local…delegation involved and then be influential that way.”

Asserting Autonomy through Refusal

There are cases when nonprofits have refused to apply for or take on public funding. While this is not a strategy that will work for all nonprofits, some participants shared examples of when this has happened. Broadly, a nonprofit will opt-out of receiving funding due to the very challenges and systemic inequities that produce unfair contracts and grants in the first place. For instance, some nonprofits will not apply because the time and resources needed to put an application together is deemed too costly, as the requirements are too cumbersome. As one participant shared: “Unless it’s significant money… if the application is crazy, I won’t do it.”
An Executive Director stated that they will refuse government contracts and opportunities when they do not align with the values and desired practices of the organization, especially determining staff wages.

> ***I've had to turn down so many government contracts and opportunities just because there was nowhere we could meet in the middle and find an actually appropriate wage for our staff. So I would rather turn down a project rather than just the opportunity to grow and grow and grow.***

Others opt-out because the requirements of the contracts and grants demand that the nonprofit engage in work while being under-resourced. Oftentimes, government contracts and grants are rigidly structured, with funds earmarked for specific purposes, or prepared in ways that do not cover the actual costs of the work. This points to a catch-22 situation: A less resourced nonprofit that has strong community connections and the relationships to potentially successfully deliver services is underfunded. If they take the contract, they will likely exacerbate their financial strain. If they don't take the contract, another larger and more resourced nonprofit may take the contract but lack the community connections and relationships that are essential for successful outcomes.

One Executive Director shared their experience of making the difficult decision to not take on a contract:

> ***Take basic needs funding for example, Oregon Health Plan (OHP) dollars that affect the social determinants of health – so the Coordinated Care Organizations (CCOs) are distributing those funds, but there is also a segment of the OHP population that are not covered by CCOs, they rely on fee for service in certain areas, 8,000 people in [retracted] for example. They want us to create an entire division in our department so that we can make direct payments to housing facilities (rent) and buy people's supplies. We said no, we are not set up that way. You will need to support our infrastructure build then. They said no, 'we want in and out.' But it's not something we do, nor do we have expertise in this.***
>
> ***So a [larger nonprofit] could really do this well, but…doesn't have the relationships we do – just because you say you want something to be done,***

> ***we are not going to jump at that. But there is a CBO [community-based organization] that might because they will see the money and apply without understanding that very little of that you get to keep.***
>
> ***We can go out and do the outreach and vetting, and you do the portal and connect folks with language and tech support so we don't have the responsibility to take state dollars and spend them…It's an abusive relationship.***

It is important to understand why nonprofits refuse to take on contracts, as these point very clearly to the inequities that exist in government contracting processes.

Retaining Workers

When nonprofit wages are not competitive with public and private sector work, employee turnover becomes a major challenge for nonprofits. A 2024 report by the Nonprofit Association of Oregon, based on a survey of over 300 Oregon nonprofits, found that the average turnover rate for full-time positions is 25% and for part-time positions is 40%. [19]

Nonprofit turnover is also a response to the difficult and demanding work that nonprofit staff do. They are often working in conditions that expose them to secondary trauma; they are doing work that is unrecognized and uncompensated because it is essential for the role and aligns with their commitment to the organization's mission. We discuss these realities in a section called "Unrecognized Labor Means Uncompensated Labor." These all contribute to rapid burnout and therefore higher rates of turnover.

Under these challenging conditions, nonprofit leaders did share various strategies for retaining workers. Broadly, these strategies are centered on

increasing the median salaries of nonprofit workers and offering other perks to employees. One strategy was to ensure a commitment from the board to offer at least $15/hr wage. Another strategy was to address wage suppression by those in higher paid leadership positions and avoid the practice of "you cannot make more since I, your supervisor, am not making that much."

Similarly, ensuring that pay equity is practiced within the nonprofit is another strategy that was mentioned by participants. One senior leader even suggested that nonprofits that implement pay equity could be weighted more in government points-based contract bidding systems.

> ***Some orgs try to make sure the top paid person and bottom paid person is closer and not so out of whack. How can we help orgs shrink that gap and not just bring the top down but bring the bottom up? Can orgs get points for these kinds of equity strategies.***

Another strategy was to bring on less experienced workers and train them to eventually get a certificate and higher pay. One Executive Director explained:

> ***We have over the last four years brought our salaries up to be competitive, yes, but also to keep up with inflation. So we offer things like bonuses and salary raises for folks who got certifications [as community health workers]; a lot of times we are training folks, bringing them in at a lower rate and then increasing it once they get the certification.***

Nonprofits also try to stay competitive with other organizations by creating a work culture that is culturally responsive and community informed, often by building workers' connections, locally primarily by having them participate in regional and statewide coalition work.

Further, to compensate for lower and less competitive wages, nonprofits often rely on creative and comprehensive benefits packages to retain employees, such as health insurance and wellness programs, retirement plans, flexible work arrangements, professional development opportunities, and generous paid time off. One Executive Director shared their strategies for retaining employees:

> ***We have rotating three and four day work weeks. So you're either working a three-day work week or a four day work week each week. We pay 100% of medical benefits…We also provide meals, breakfast, lunch, and dinner for all of our participants and staff every day. So I want there to be no barriers for people, but it is hard when your funder doesn't necessarily support the ethos of your organization, but I push back as much as I can…We have great retention rates but still it's hard always wondering, are we going to be able to sustain this, especially when there's always the constant threat of losing funding.***

Ultimately, uncompetitive wages – no matter what strategies a nonprofit deploys to counter or adapt to this reality – are a source of great anxiety for nonprofit leaders and staff. As one participant shared, "…there is the cost of instability of whether your role will be funded or not. The worry leads to the question, 'Am I going to need to find another job?'" Furthermore, nonprofit leaders worry about how often their direct service workers might have to rely on the social welfare system, because they cannot afford to raise their salaries.

Conditions that Sustain the Wage Disparity

In this section, we detail four primary conditions that government contracts and grants create that serve to perpetuate the nonprofit wage disparity. These four conditions were described by study participants: 1) rigid applications and contract requirements, 2) restrictive allocation of funds do not reflect true costs, 3) nonprofit wages compete with government wages, and 4) uncertainty and delays in contracting, reimbursements, and future funding.

Rigid Applications and Contract Requirements

Applying for and meeting the expectations and requirements for government funds is, first and foremost, a complicated administrative task that consumes significant time and resources. Yet, governments rarely provide adequate funding to cover these indirect costs. Nonprofits are left to shoulder the burden, further straining their budgets.

Here we present participants' challenges when engaging with government grants and contracts in two ways: (1) Going through the application process and (2) meeting the expectations and requirements of the contract or grant.

Challenges with Application Processes

Participants expressed frustration with application questions varying across agencies; they often struggled with putting an application together due to inconsistent requirements for how to present even basic information. This means that governments are often asking for information that is not relevant to completing the work at hand, adding unnecessary labor hours to complete an application.

Another common concern expressed by participants was about confusing and difficult budget preparations. Participants explained how budget processes do not follow generally accepted accounting principles meant to standardize financial reporting and ensure transparency. Further, budget requirements are often confusing, using technical language and jargon that results in nonprofits committing to terms that they may not completely understand.

> ***The insult to injury is they create such complex grant writing requirements that you need a finance and data person to apply – but you cannot charge this to the grant. I have an entire finance department [10 folks] to figure it out, but most CBOs [community-based organizations] well-positioned to do the work do not.***

This points to the need for more support with translating complex legal and financial documents, and ensuring that the expectations of all parties entering into a contract or agreement are aligned. Overall, application language and terms need to be more accessible. Governments should provide applicants with technical assistance that supports contract literacy and navigating complex applications and associated systems.

Participants also expressed deep concern with the rigidity, inaccessibility, confusion, and varying contract requirements during the application phase. One example is the rigid formulas the government uses to assess the competitiveness of applications. Not only does this create unnecessary competition between nonprofits but it ultimately leads to forcing nonprofits to cut costs needlessly.

Another example is when applications require that staff have a certain level of certification or education, but no value or weight is given to lived experience as another way to meet these application requirements. One participant explained, “Someone could have a master’s degree who cannot get into the door of most of our families. But someone with a GED could and can have a much stronger impact on the community.” This is experienced as a lack of respect for lived experience. Another participant explained: “They don’t give value to language and culture in the same way they do with traditional degree earning education. You cannot do outreach. You cannot build community. Sorry, it doesn't work that way.”

This was a source of deep frustration for participants, especially when considering how, for years, outreach to communities is often done in ways that are inappropriate and harmful. A shared sentiment is “if you are not part of that community, you need to get out of the way.”

Challenges with Meeting Contract and Grant Expectations and Requirements

When it comes to meeting contract and grant expectations and requirements, participants shared a number of concerns and challenges. Several nonprofits in this study provide the same type of direct services across multiple geographic sites (e.g., temporary shelters). When the terms of contracts and grants require reporting at each of those different sites, staff capacity is often stretched in order to meet this requirement. While some larger nonprofits can often meet such requirements, this is not true for smaller organizations that often serve harder to reach communities or smaller culturally specific populations.

Another challenge expressed by participants is when funds in certain government contracts and grants are at times cobbled together with different rules and expectations for each that will ultimately lead to great frustration and unnecessary time taken to track such specificity. For example, a bucket of state funds will cover 0.5 full-time equivalent (FTE) while another bucket of federal funds will support the remaining FTE. Both of these then have different reporting requirements, which gets confusing and overburdensome for just one FTE.

Other contract terms and requirements are not considerate of variability across different geographies and populations, and impose terms that may work in, for instance, metropolitan regions but not rural ones. One example that was shared is when the terms require contract and grant funded participants on boards and who are volunteering to sign equity agreements.

They [government agencies] want communities to be far more progressive and advanced than they are [in rural places]. That works in Portland, having folks sign equity agreements that are on boards and volunteering, anybody involved with this equity work would sign these agreements. But folks didn't want to do that here. They want to help their community, but are not there yet.

Executive Directors from rural organizations expressed a desire for contract terms to be reflective of where different communities are at, and flexible enough to include opportunities for earning overtime. One participant said, "...if you force this indoctrination, folks will walk away. They will say this is some Portland nonsense – help us accept where we are at, and every community has work to do on the path to justice, but don't limit us in ways that you don't have to."

Lastly, participants shared how varying and frustrating reporting outputs and outcomes are for grants. Across and within agencies, they have their own ideas of reporting, what activities are allowable, and what amounts to charge. Not only is this challenging to keep up with, but it ultimately resorts in hours of reporting labor that is not compensated. They desire more standardization of reporting expectations, making it more people- and organization-centered. One example of a good reporting process was having a thirty-minute check-in with a funding agency to have various nonprofit/grantee team members on a call allowing for an in-depth verbal report out where government employees help with documentation and meeting requirements. Overall, being more open to less cumbersome reporting requirements would help immensely with managing, and therefore fairly compensating, staff time.

Restrictive Allocation of Funds Do Not Reflect True Costs

Many government contracts and grants do not adequately cover indirect costs, such as operational and administrative expenses, rent, utilities, and technology. Nonprofits are often forced to use a portion of their program funding to cover these overhead costs, further reducing the amount available for employee wages. This creates a vicious cycle in which underpaid staff are expected to do more with fewer resources, leading to burnout and high turnover.

Among participants, there was resounding agreement that this kind of restrictive allocation of funds does not reflect the true cost of the work, and it is central to perpetuating the nonprofit wage disparity. Most government contracts only allow nonprofit bidders to account for FTE and a low percentage of administrative cost, typically between 10-15%. Not only does the compensation not account for the breadth of work done by workers, such as the emotional and unrecognized labor that will be detailed later in the report, but it doesn't cover operational costs. Executive Directors explained that if indirect costs are not covered and are arbitrarily capped at anything under 20%, the government is actually charging, rather than paying, nonprofits to do the work. One senior leader explained:

> ***We have to take from other sources to be able to operationalize your program – so every year we are losing more and more ground because we are doing work for free. They give you a miserable $50,000, but it's $10,000 less than you need to cover your operational cost. CBOs are not going to have a 50% indirect cost like an OHA [Oregon Health Authority]. We understand that they don't want half the grant to evaporate upon arrival, but that is not the overhead of most CBOs.***

Participants felt frustrated that governments rely on nonprofits to do essential and often ground-breaking work but will not fund the required operational costs. In other words, only the delivery of direct services is funded. Nonprofit leaders explained, “they [government] don’t even think about what it actually costs, they don't make it their problem, they just have a lump sum and we are meant to make the case. They need to build these things into their thinking when they are bundling budgets for programs.”

One Executive Director discussed some of the challenges with funding that was made available during the early days of the COVID-19 pandemic. At that moment, getting funding was not an issue, but they explained that it all had to be allocated to specific COVID-related activities and could not cover any infrastructure or operational expenses like staff time, utilities, rent, etc. However, at that time, despite many nonprofits doing so much of the essential work to respond to the crisis, it did not make sense to them that they could use funds to buy protective personal equipment (PPE) but not for critical activities needed to do the work effectively such as outreach, delivery, follow up, and reporting. One leader shared that OHA ended up asking for money back: “if you take it at face value, you have a multimillion dollar agency asking for a check from a nonprofit.”

Feelings that grant awards received do not translate to a value-based relationship between nonprofits and the government were common. One senior leader explained:

> ***It speaks to allowable activities written into the grant contract, but when you have a great program from a culturally specific CBO, there will be holes in it because the state doesn't see it as an allowable activity.***

Another leader expressed these frustrations clearly:

> ***It's like they see nonprofit work through grants/contractors like cheap labor. Because they don't pay us like they pay themselves, it's cheaper for them to pay us and even get better outcomes – there is no regard, it's like they use this strategy to make their dollars stretch.***

Further, even under the constraints of limited operational funds, the expectation is still there to keep producing the same or increased outputs and outcomes. Leaders shared how they often submit a proposal, detailing how much the work will cost in terms of labor, but the funding allocation does not match. When expectations are adjusted to reflect what can be accomplished with lower funding allocations, nonprofits are faced with push back on these adjustments of outcomes.

One example shared was how, over the years, an Oregon county scaled back the amount of funding it offered a CBO to be a resource navigator and assistor for program applicants. The county wanted the CBO to serve 300 people a year for $50,000, but that output was not reasonable from the CBO perspective. In an effort to advocate for themselves, the CBO went to the county commissioner and said the work, as stated in the contract terms, cannot be accomplished without additional funding or the terms need to be changed to reflect the true cost. The funding was not increased, and outputs were ultimately reduced. This is not an uncommon story; nonprofits often face budget changes and miscalculations of covering costs in their contracts and grants. This means they are forced to shoulder the burden instead of the government making adjustments. The reality for many nonprofits is that the longer they have government contracts and grants, they face more diminishment of cost despite strong outcomes. Historic underfunding becomes the standard and perpetuates financial volatility for nonprofits, as discussed in the previous section on nonprofits having to manage unstable cash flows.

Lastly, nonprofits expressed frustration with the large differences in FTE salaries for government workers versus hourly wages for nonprofit workers doing comparable work. The frustration deepens when nonprofit workers have even more expertise – such as language and cultural competencies – than their counterparts. If salaries for government work are kept within market rates to prevent disparities and retain workers, the same should be true for nonprofit workers. For example, some governments do pay that premium to their Spanish speaking employees, but the same is not extended to contracts and grants that offer those services. This underfunding and undercompensation for essential skills are received by nonprofit workers as disrespectful and unethical practices by governments so they can save dollars by making nonprofits shoulder that expense. This is especially unsavory since governments that receive federal funding must ensure that they provide access to language assistance services for populations in their jurisdiction considered limited English proficient (LEP). Nonprofits that often do provide these essential translation services argue for more ongoing collaboration and funding to support the work like a true partnership. One executive director noted:

> ***The government co-opts the partnerships. Nonprofits need ongoing support. The investment duration must be longer and include the pay to retain staff. Longer commitments and integrating their departments into the work. Collaborations are what we need versus handing out gig-like work.***

> ***Commitment from the government to pay well and include some threshold of what a living wage is, or this is the value of the organization's services; government entities should say they trust nonprofits to use the funds towards what's best.***

These conditions foster a severe imbalance in what nonprofits contribute to social welfare and community support versus what they are resourced and compensated for. This in turn reinforces a dominant narrative that nonprofits should be grateful even while they are understaffed and over-burdened. They receive feedback like “that’s not in our scope,” “we can’t fund that,” and “you can’t spend this money on that.” Government contracts and grants must cover all the costs of providing the service, not just a part of it. These contracts and grants should allow for greater flexibility in how funds are used, enabling nonprofits to respond to changing operational costs, community needs, and unexpected challenges.

Uncertainty and Delays in Contracting, Reimbursements, and Future Funding

Participants shared how contracting and grant processes – from a bid being successful to the contract being executed – are rife with delays. Nonprofits that depend on funds from government contracts and grants are put in the difficult position of having to offset expected funds when a contract’s execution and reimbursements are delayed, often over a span of months. The implication of these delays results in challenges with making payroll, retaining workers, continuing services, and hiring new workers. One senior leader shared:

> ***We have gone as far as three to six months waiting for reimbursements for up to. [We]...have contracts with the county that we put out $120-150,000 every two months for the homeless population, and it's just gotten crazy that they're taking so long to get that money back to us. So that puts us in a really hard situation.***

Another senior leader explained the impact this has on smaller organizations:

> ***I can only raise everybody else up to the point where I can still make payroll each month before that reimbursement comes in two weeks later. And so that's been really tough for an organization that doesn't have a lot of, you know, we don't have much in reserves, so we can't just, like, spend that 30k in reserves and then we'll get it back in two weeks.***

Executive Directors described the impact of untimely payments spanning 30 days to 6 months, forcing nonprofits to float the money and endure personnel uncertainties. One senior leader explained, “Time lag has a great impact in terms of hiring and retaining folks. With the time it takes to renew contracts, we’ll have to float wages until we can reimburse, and sometimes we can’t offer the role.”

The reimbursement system is not sustainable. It fails to cover administrative burdens adequately and lacks incentives for hiring and retaining workers. An Executive Director shared:

> ***Whether it was like a 30-day or 60-day net, which they were taking way, way longer to reimburse on. And so there's also this kind of level of us having the trust that we're going to be reimbursed as well, that every single dollar is going to come back in. And once you front those costs. You're, you kind of don't know if you're going to or not. They can always come back and say, well, this receipt didn't match that, or this, and that didn't match in this way. And you're kind of, you're kind of like, stuck playing this game with them at this point where it's like, well, what can I do? You can't really turn it down.***

Also, nonprofit leaders shared frustration that there are no solutions for the gap in funding by biennium. They believe there should not be these delays for essential services, and commitments to pay should be in place, similar to the funding agreements with Coordinated Care Organizations (CCO) in Oregon. CCOs also experience more certainty with federal grants that are appropriated year over year. The basis of these agreements is that monies appropriated by Congress are delivered in perpetuity on the condition that certain goals must be met. The state could take a similar approach, especially for investments in agreed upon services and programs. Instead, funding is open for two years, then a pause is instated until the legislature approves funding. Once that happens, and a new Request for Proposal (RFP) process is ready to be implemented, the nonprofit reapplies. But monies are not awarded until months later. This is why nonprofits are waiting six months for funding. One senior leader shared:

> ***CBOs are taking out lines of credit to make payroll and then paying it back with extensions. Also, when we ask for more money next year, they say it depends on the next legislative session, they get a bit more but then they give us less and they say there are more folks who need the money. It doesn't make sense that we are doing what they need to do, but then they pay us less instead of meeting the new demand.***

Ultimately, this creates more work for everybody, defunds nonprofits for six months of the year, and shifts the burden of this gap onto nonprofits to shoulder. Nonprofit leaders, who have more experience in the sector than many people working in government, urged the legislature to allow continuity of government contracts and grants to pay for the services and programs that are agreed to be essential. In other words, there needs to be a legislative mandate that commits to payments in perpetuity for certain services, with the caveat that the legislature will regularly review and approve the mandate.

Competing Against Government Wages, and Employee Turnover

As explained in the review of literature in the introduction, nonprofits often lose their employees to governments due to the latter's ability to offer higher wages. The pervasive inability of nonprofits to compete with government wages for comparable work places immense pressure and anxiety on nonprofit workers, both leaders and frontline workers, and the community that is being served. In short, high nonprofit employee turnover disrupts service delivery, increases recruitment and training costs for nonprofits, and undermines organizational morale.

As we've learned throughout this report, government contracts and grants play a significant role in suppressing nonprofit wages via exclusion of indirect costs, administrative burdens when applying for contracts and grants and meeting reporting requirements, inflexible funding structures, and delayed payments. Together, these inequities mean that comparable work outside the nonprofit sector, and namely in the public sector, becomes more appealing for many nonprofit workers.

In Portland, while it can be challenging to fill vacancies left by nonprofit workers who take government positions, there is often a continuity with those trusted and experienced community and cultural workers now working inside of governments. While not ideal, at the very least there are still folks inside of the government who can advocate for better collaboration and approaches to reduce the wage disparity.

Nonprofit organizations that are under an hour or two outside of the Willamette Valley expressed frustrations about underpaid employees leading to high turnover rates.

Participants shared that former employees of their organization gain experience at the nonprofit and then leave to work at the local county or state agency, at times getting paid double their nonprofit wages to do comparable work, or, in some cases having fewer responsibilities while getting paid more.

Other times, nonprofit workers in these regions actually leave altogether to move to the metro areas. So workers not only leave the nonprofit for government positions but leave the region, resulting in a reduced workforce and reduced staff capacity for local collaboration and advocacy. These nonprofits feel a double loss in this case. Nonprofits that are even further from the more populated I-5 corridor tend to not experience the double loss because of their distance from major metropolitan areas. As one Executive Director who works in Southern Oregon explained: “We are so far away from Salem so we don’t see folks leaving our work for higher paying jobs in the public sectors compared to the valley. Our job is to get to a living wage as best as possible.”

The reality is that the government cannot do the work of nonprofits; rather, their responsibility is to fairly compensate those who are doing the essential work of delivering services to the community, often in ways that rely on deep, trust-based and culturally-responsive relationships. When nonprofits lose employees because they cannot compete with government wages – a condition driven in large part by unfair government contracts and grants – both the organization and the community suffer a loss.

Prevalence of Unrecognized Labor Means Uncompensated Labor

Despite being paid less than their counterparts in the public and for-profit sectors, human services nonprofit workers often take on more responsibilities than what their organizations are compensated for. The prevalence of unrecognized labor means uncompensated labor, which leads to burnout and staff turn-over. Nonprofit leaders detailed how providing essential, frontline services, often in culturally and linguistically specific ways, exposes workers to high levels of stress and trauma. These challenges are often experienced after work hours and are amplified when workers are not being fairly compensated. Unrecognized labor in nonprofit direct services are rarely reflected in or accounted for in government contracts and grants; they are, nonetheless, essential to do the work effectively.

Nonprofit leaders and workers clearly expressed many of the demands of their roles as being outside their job description, and feeling as if they are wearing multiple hats. One staff member explained:

> ***I've had to go in and cover shifts at the shelter, I have to work at the farm. There are so many things within my own role that I am not fairly compensated for just because they're [the government] not willing to give us more. And so then I have to wear 10 different hats. And sometimes that goes for our staff where it's like, okay, I have to be a cleaner. I have to be a case manager, I have to be a counselor.***

This sentiment was shared by all participants: That due to shortages and gaps in funding, nonprofit staff do work beyond their general job description and take on multiple other roles to ensure that the organization's essential functions are staffed and operational.

As a frontline worker, when the work requires that you wear multiple hats and is not fairly compensated, it leaves workers more vulnerable to trauma. While this is considered part of many frontline jobs, there are multiple consequences for workers, such as burnout, lack of retention, and re-traumatization. A senior leader shared:

I would not put anyone in a position that works for me to work at a rate in which they could not afford to live because this is really traumatizing work…it is very hard work and there will never be a fair enough compensation for this work. I've had guns, machetes in my face…I've been punched. I've had chairs thrown at me. I've been yelled at by community members, threatened. My child has been threatened. I've had people stalking me. I had to move.…We don't always get paid to encounter the events that we do encounter. And they're not trying to give us additional funds for wellness funds for our staff. They're not trying to do any of that knowing that this work is traumatizing.

Nonprofit workers, leadership and non-leadership staff, and especially those who do direct service work, are continuously having traumatic encounters throughout the course of the workday. Traumatic encounters can occur because a worker is constantly exposed to human suffering and witnessing on a daily basis how systems are not meeting the needs of people in their communities; traumatic encounters can also occur when workers are in danger or there is an acute threat.

The connection between unrecognized labor and trauma is interwoven in the daily lives and work realities of nonprofit workers, who are expected to burn the candle at both ends. This means they are overextending themselves to support their communities, which they are also often a part of. It is the devaluing of the work paired with the relational components of this work that exacerbates a worker's well-being and capacity to remain within their position on a long-term basis.

The devaluing of nonprofit human service work is not a new finding; it is well documented and studied by both workers and researchers. One Executive Director explains:

> ***The sector is devalued…I mean, you all shared the data. It's gendered. I think it's racialized. I think that that our sector is not seen as, you know, professional, we're seen as cheaper, we're seen as volunteers…there's a lot of paternalism, a lot of patriarchy, a lot of white supremacy embedded in why our sector is not compensated.***

These nuances have been further studied in depth by gender, work, and organization scholars. For example, Agnieszka Kosny and Ellen MacEachen (2010) [20]have studied the gendered and invisible unrecognized labor in human service nonprofits and the implications this has on workers' health and safety. They describe "background work," "empty work," and "emotional labor" as three obscure types of labor that exist in these organizations. Background work is often work not clearly articulated nor their risks in job descriptions. Empathy work is high relational work, including counseling and crisis intervention, key aspects of human services delivery. Emotional labor is the work of managing clients' emotions and workers' own emotions throughout the process of delivering care under high stress and scarce conditions. These conditions lead to unhealthy realities for workers.

Relationships as ongoing labor

Working with the community takes time and effort in building relationships. Participants in our research shared that grant hours never account for the relational component of organizing and service delivery. The relational component of this work extends their

workload and emotional capacity. One participant shared, “There’s the added expectation and burden, in addition to meeting cultural and trust needs, to be a mentor and advocate for them; provide advocacy past the contract.” Good community work is rather distinctive from government work. It requires seeing the humanity in each individual and yes, providing a specific service, but also understanding and supporting all of the wraparound needs attached to that service. Getting housing needs met can still require needing food, electrical assistance, and transportation vouchers. It also means demonstrating care and understanding that these are connected and gaps in services must be filled. Holding all of these truths while also serving folks within the limits of what is possible or exists in our systems can take tremendous relational capabilities and, equally, takes a toll on one’s mental health.

Bilingual and Bicultural staff “on call”

Several participants noted that having bicultural and bilingual skills adds another layer of service to the work. Bicultural and bilingual workers must manage double translation on a daily basis. This means they have to move between different linguistic and cultural contexts, and many experience the intensity of this work as they often engage with minoritized [21] communities and are themselves members of the communities their organizations serve. One leader said, “We come from the community we’re serving, that’s not always true in other sectors. We can be culturally responsive and specific and that has an impact on us.”

Bilingual and bicultural workers are, in practice, doing two jobs for the price of one, and often need access to resources, professional development, and support for navigating non-profit and government systems for themselves and their clients. Further, job-specific language and communication skills are common when entering a new work environment, and learning these skills in two or more languages adds to the responsibilities of the job and time needed to do the work. An Executive Director noted:

> ***Frontline staff are the first point of contact for the community for questions and addressing concerns. Translating official documents; trying to find the appropriate staff who can do this; rushing to support the community member; asking a colleague to jump, only for the fact that they speak the language; unfair burden on that staff member; this is like a second, third, fourth shift.***

In addition to a lack of proper compensation for these skills, the expectations governments have on nonprofits are high, but often go unacknowledged by them. For example, when governments want to expand already existing programs to non-English speaking communities, they often have no real understanding of how much time and labor it takes to provide translation and interpretation so that community members understand, trust, enroll, and participate. One leader said, “I have never seen a government grant that's like, and how many hours do you want for relational organizing?” Delivering services in multiple languages and across cultures goes beyond knowing how to speak a language or having lived experience, it also requires deep relational work that is not currently billable or even acknowledged as a program-based task.

Self and peer-guided technical capacity building

As noted in the previous section on conditions that sustain the wage disparity, oftentimes government contracts, forms, and processes include various technical questions whose answers may or may not be known. In a non-leadership focus group breakout room, a Human Resources (HR) staff member mentioned the challenges of being unable to answer certain technical questions and, at times, not knowing the answer themselves. They shared:

> ***I am the insurance and HR person. I can't answer some things. I am the insurance and HR person. I can't answer***

> ***some things. And I also sometimes do not know things and just guess for myself. There are layers of complications, hurdles, and a lack of training.***

These issues are further complicated in multi-cultural settings, where multiple languages, documentation statuses, and levels of comfort and knowledge with government systems and paperwork vary. While nonprofits do reach out to the government for technical support, many of the issues that come up in these settings might not have been previously addressed, causing more work and delays in getting accurate and updated information from the government. Nonprofit workers often take it upon themselves to figure it out and share with one another how to address their questions and needs. Another participant in the group shared that their organization has a resource sharing day in their office. Another leader shared:

> ***We hold 'Friday Knowledge is Power' as a resource-sharing space for disseminating untapped internal and external tools and tips. My co-worker helped me save money because I had no idea what I was doing with the technical forms.***

Nonprofit workers are both uncovering technical assistance needs not properly identified or shared while also collectively relying on their knowledge, skills, and relationships to figure it out. This labor is not compensated, but critical to ensuring workers are in compliance and taking advantage of the benefits offered to them by their organization and governments.

Spiritual labor for peer-to-peer well-being

Lastly, non-profit workers integrate their whole selves into their work, often incorporating spirituality in their work space and peer-to-peer relationships by making space for each

to heal from past trauma and to foster a sense of unity and relief. One participant who is in a non-leadership position shared:

> ***You absorb it. You protect others, and it comes right back. I knew that this unrecognized labor was there because of my experience with these systems. At 15, I knew what I wanted to do but did not know how I was going to do it. I knew I would not have kids. This is specific to me and breaks cycles of trauma. I feel I was robbed as this disparity exists. Capitalism has taken this from me.***

Similarly, another staff member noted:

> ***When you ask community to work in their own community, it impacts how they engage. I cannot quite grasp why funders do not seem to understand how much [spiritual harm] a hotline or a resource is to community without trauma tools. Then trauma is outsourced to community who is handling the hotline. ...It impacts my whole life. It is a huge privilege and burden. It is impossible to close my computer. I see encampments behind me, and I have to protect myself and my community from projecting what I see around me. It affects my whole life journey.***

For nonprofit human service workers, this work is felt and practiced at the spiritual level, with a strong need to protect oneself and each other. And beyond individual spiritual commitments of the work, culturally

specific organizations at times pair services with spiritual support. For example, when a Native-led organization is doing outreach for vaccines, they might also pair that with spiritual activities like storytelling, drumming, and other forms of cultural medicines. These services are often not funded or even understood as part of the work of nonprofits, but they certainly are, and oftentimes they are life saving, in terms of both physical and spiritual necessity.

Overall, nonprofit workers are excelling in their jobs in ways that the government cannot, all the while their unique contributions are not valued, recognized, and therefore not fairly compensated. This unrecognized labor also comes at cost to one's health and the stability of the sector as a whole.

Recommendations

As explained throughout this research study, government contracts and grants are mechanisms of institutionalizing inequities where nonprofits organizations and their workers shoulder the burden. While nonprofits must play a key role in addressing these inequities, as they have the lived experience of how these systems produce pay inequities and low workforce retention rates, governments must improve their own processes.

Research participants detailed a series of desired government interventions throughout the research process and also offered their perspectives on the roles nonprofits should pay in the effort as well. Below we offer recommendations. We offer those learnings into practical recommendations below.

Improvements to Government Contracts and Grants

- ***Standardized Requests for Proposals (RFP)***
  - Standardize all RFPs across the state to minimize nonprofit leadership burden. Questions, reporting requirements, and budgets must all require agencies to get permissions for changes with required justifications for additional attachments.
- ***Increase administrative allocation***
  - Participants request that governments increase administrative allocation to a minimum of 20-25% on their contracts and grants.
  - Collaborate with nonprofits to include what indirect costs are essential to the terms of the contract and grant.
  - Update future contract and grant agreements based on learnings from collaborations with nonprofits.
- ***Create a government affiliated office to support nonprofits with contracts and grants***
  - Similar to an Ombuds Office, this function will help nonprofits negotiate contract terms, without fear of the contract being rescinded.

- ***Adopt multilingual and multicultural premiums***
  - Adopt other government standards for paying for bilingual staff and translation services and apply these premiums to contracts and grants being implemented by bilingual and bicultural workers.
  - Work with nonprofits to simplify certification processes – if already in place – to ensure non-English speaking and culturally specific services premiums can be offered (similar to ones the Oregon Health Authority offers).
  - Apply cultural premiums for contracts and grants that serve large and hard to reach minoritized communities.

Advocacy Campaigns

- ***Establish a living wage standard***
  - A living wage standard should include both higher minimum wages and COLA increases.
  - Ensure nonprofit feedback is included in decision-making.
  - Publish a yearly wage study report that presents the most current data and tracks implementation efforts across the state.
  - Incentivize nonprofits to adopt internal pay equity practices.
    - For example, nonprofit grantee applicants that meet a reasonable wage ratio between higher paid and lower paid workers should be weighted more during the contract or grant bidding process. (see the restorative compensation approach as an example). [22]
  - Review other successful regional, statewide, and national approaches to implementing a living wage standard (see the Portland Clean Energy Fund as an example). [23]
- ***Create a nonprofit retirement system***
  - Establish, via legislation, a public statewide sector specific [nonprofit] retirement system that follows employees as they move between nonprofit organizations.
- ***Appropriate beyond the biennium***
  - Minimize the repetitive applying for funds for essential services by trusted nonprofits that have a proven track record in carrying out human services, thereby eliminating the 6-8 month period of program hold due to waiting for new appropriation (see the budgeting process of the Bureau of Primary Health Care as an example). [24]

Expand Existing Efforts

- ***Continue investing in the Task Force on Modernizing Nonprofit Grant Funding and Contracting***
  - Implement the recommendations of the task force.
  - Ensure the task force's longevity by regularly reviewing its mandate and inviting or appointing members with diverse nonprofit and government experiences.

The recommendations presented above represent the lived experiences and desires for change of human services nonprofit workers and leaders from across Oregon. They are both confirmations of the systemic inequities that reproduce wage disparities and reflections of concrete ways to address these inequities. We, the Coalition of Communities of Color, call on elected officials, government agency leaders, and civil society advocates to move these recommendations forward so that the nonprofit workforce is fairly compensated for the essential, trusted, and culturally specific services they provide our communities.

Endnotes

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