



SUMMARY SHEET

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

The Nonprofit Association of Oregon (NAO) is examining how human services nonprofits (e.g., social services, housing and homelessness, health and mental health, and preK child and youth services) in Oregon experience wage inequities and disparities in government contracting and grants. To accomplish this, NAO contracted the Coalition of Communities of Color in 2024 to conduct focus groups and interviews with social service nonprofit executive directors, senior leaders, and direct service workers across Oregon. This qualitative data provided in-depth contextual information about hiring and retention, compensation, competing with government wages, and unrecognized and uncompensated labor. Researchers conducted a thematic analysis to detail the overall findings.

FULL REPORT AT WWW.NONPROFITOREGON.ORG

The key findings of this research are detailed below in three parts: operating amid unfair government contracts and grants; conditions that sustain the wage disparity; and the prevalence of unrecognized and uncompensated labor. A summary of recommendations follows key findings.

KEY FINDINGS

Operating Amid Unfair Government Contracts & Grants

Nonprofits deploy strategies to keep operational when faced with unfair government contracts and grants. These include:



Managing unstable cash flow by "eating the cost" or leveraging other sources of income and funding.

"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." - Executive Director

Pushing back against unfair contracts by advocating directly for fair compensation and holding governments accountable.

Retaining workers by advocating for higher wages, offering supplementary benefits, investing in staff capacity building, and creating a supportive workplace culture.

"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." - Senior Leader

Asserting autonomy through refusal by not applying for or taking on public funding; however, this strategy may not always be ideal and could result in other, less qualified, nonprofits taking the funds.

"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." - Executive Director

KEY FINDINGS

Conditions that Sustain the Wage Disparity

The primary ways government contracts and grants create conditions that sustain the nonprofit wage disparity are:

Rigid applications and contract requirements

"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." – Senior Leader

Restrictive allocation of funds that do not reflect true costs

"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." – Senior Leader

Competing against government wages, and employee turnover

"The pervasive inability of nonprofits to compete with government wages for comparable work places immense pressure and anxiety on nonprofit worker.. 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." – CCC Report, pg. 41

Uncertainty and delays in contracting, reimbursements, and future funding

"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." – Senior Leader

KEY FINDINGS

Prevalence of Unrecognized Labor Means Uncompensated Labor

Unrecognized labor refers to essential work that is not recognized in job descriptions, nor reflected in or accounted for in government contracts and grants. Nonetheless, it is essential to do the work effectively.

Four kinds of unrecognized labor that contribute to stress, burnout, and precarity are:



Relationships as ongoing labor



Self and peer-guided technical capacity building



Bicultural staff "on call"



Spiritual labor for peer to peer well-being

"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." – Staff

NAO's RECOMMENDATIONS

- 1 Improvements to Government Contracts and Grants:** Standardize RFPs across state agencies; Increase administrative allocation for indirect costs to a minimum of 20-25%; Adopt multilingual and multicultural premiums; and Create a government affiliated office to support nonprofits with contracts and grants.
- 2 Advocacy Campaigns:** Establish a living wage standard to include both higher minimum wages and COLA increases; Create a public statewide sector specific nonprofit retirement system; and Appropriate beyond the biennium.
- 3 Expand Existing Efforts:** Invest in the recommendations of the Task Force on Modernizing Nonprofit Grantmaking and Contracting, and implement, evaluate, and track those recommendations.