



EXECUTIVE SUMMARY

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Oregon depends on nonprofits to fulfill essential roles in communities across the state every day. Nonprofits promote the well-being of Oregonians by providing basic needs such as food and shelter, offering opportunities for education and economic advancement, supporting arts and culture, protecting our civil rights, and more. When crises occur, such as housing or natural disasters, nonprofits act as first responders, providing critical services for stability and setting the stage for recovery.

Despite their important work, nonprofits encounter financial barriers when doing business with the state and lack mechanisms for state accountability. Slow payments, rate inconsistencies, and underfunded wages leave these organizations unable to build the necessary infrastructure for human resources, program and financial reporting, and training and employee retention.

Nonprofit employees make up a significant portion of Oregon's workforce. According to a recent wage case study¹ covering the period from 2012 - 2022, it was found that 10.4% of Oregon's total wage and salary workers are employed by nonprofits. After accounting for factors such as age, gender, education, race, ethnicity, and hours worked, nonprofit wages were 15% lower than their for-profit counterparts and 11% lower than their public sector counterparts. Employees working in community food and housing services industry in the nonprofit sector had significantly lower wages compared to other nonprofit workers.

During the 2023 legislative session, over 170 different community-based organizations (CBO) joined the Nonprofit Modernization Act coalition to support the passage of [Senate Bill 606 \(2023\)](#) which established the Task Force on Modernizing Grant Funding and Contracting.

The Task Force was charged with examining how the state's granting and public procurement practices limit the wages of employees of nonprofit organizations and has compiled its recommendations in this executive summary. The group convened a total of 31 times in both full body and subcommittee meetings between October 2023 and September 2024 to study, review, and examine existing grantmaking and procurement processes.

¹ [Are Wages Suppressed in the Nonprofit Social Services Sector? A Case Study in Oregon](#) (Kevin E. Cahill, Jonathan Ely, and Aditya Gadkari)





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Summary of Recommendations

The Task Force developed the following recommended actions as a result of current state contracting and granting practices:

- **A mechanism for ongoing evaluation of grantmaking and procurement processes:** establish a permanent advisory council with a similar make-up as the current Modernizing Grant Funding and Contracting Task Force; create an office of nonprofit partnership in DAS to staff the advisory council and support recommendation implementation.
- **Payment models that prioritize full cost recovery:** update Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OARs) to ensure agencies comply with Office of Management and Budget (OMB) guidelines for administrative rates ([2 CFR section 200](#)), require agencies to track rates of on-time payments of invoices and establish a late payment penalty; and at the beginning of a new contract period provide advance payments for new and ongoing contracts and grants.
- **Uniform application procedures for grant moneys:** implement a single statewide grant management database platform; establish a program year offset from the fiscal year; and create a new set of grant specific ORS with OARs.
- **Standard contracting language that permits flexibility in contract terms and conditions and multi-year contract terms:** conduct ongoing nonprofit stakeholder review of the Oregon Procurement Manual, contract and grant templates, and associated training materials; require contract language to include terms for advance payment and insurance coverage; and consider longer contract terms, and account for escalating costs in ongoing contracts.
- **Sufficient reporting requirements that are commensurate with funding levels and that allow for adequate lead time for changes to reporting required within the term of a contract:** require contracts and agreements to cost out reporting requirements; and require a three-to-five-year investment commitment, with cost-of-living adjustments, from agency programs that are meant to show change in participant outcomes.
- **Changes to state procurement practices that support living wages:** establish a workforce standards board; calculate and publish annual cost of living and inflation adjustments; and advise agencies to use prospective budgeting for ongoing bodies of work.

The [Recommendations section of the complete Task Force report](#) provides detailed information about the actions that are recommended above.

All Task Force members unanimously agreed that the actions outlined in this report are necessary to address the issue of nonprofit employee limited wages. Some actions can be implemented with existing authority, while others may require legislative changes. It's important to note that most of these recommendations are already being implemented to some extent, and achieving meaningful change is within reach.

With strong and consistent leadership, achieving lasting improvements to the state's granting and public procurement practices is highly attainable. Collaborative and healthy partnerships between agencies and nonprofit organizations are a key component to effectively serving Oregon's most vulnerable populations.