



Nonprofit Association of Oregon
4800 S Macadam Ave. Ste 325
Portland, OR 97239
www.nonprofitoregon.org

May 4, 2026

The Honorable Tina Kotek
Governor of Oregon
900 Court St. NE
Salem, OR 97301

Dear Governor Kotek:

On behalf of Oregon's charitable nonprofits, we believe that you have the power as governor to transform state grantmaking and contracting with nonprofits into a national model. We believe there are effective and important actions that your administration can take without requiring legislation or new funding.

As you know, the state's service departments rely on partnerships with the nonprofit sector to carry out many important programs and deliver services to the people of Oregon. These include housing support services, mental health care, hunger relief, disaster recovery, and many other critical programs. They all require grantmaking and contracting processes that work for both government and your nonprofit sector partners.

The processes for grantmaking and contracting built years and even decades ago have become more complicated, redundant, and often inflexible to changes in the needs of Oregonians. This has resulted in mechanisms for service delivery with overly long approval times, cumbersome reporting requirements, and late payments. This has led to cost-benefit ratios that are imbalanced toward reporting requirements rather than meeting the needs of the people of Oregon and the services the state is wanting to provide. These processes are not cost effective for either government or nonprofits. A centralized grants management system with uniform guidance does not exist in Oregon like in other states.

Over the past two years, NAO has worked closely with your office through Andre Bealer, the Oregon Department of Administrative Services (DAS) and other state agencies that participated in the bicameral and bipartisan [Modernizing Grant Funding and Contracting Task Force](#). The task force developed recommendations to improve grantmaking and contracting between state government and nonprofits. The recommendations reflect the needs identified by state agencies and nonprofits. They build upon promising practices that many were already attempting.

The task force found that contracting with nonprofits differs fundamentally from contracting with for-profit entities, thus requiring a procurement process that must be co-designed and multifaceted. A successful procurement process recognizes and builds on the distinctive strengths, capacities, and contributions that nonprofits bring to public service delivery. Nonprofits, by nature, operate much differently than businesses. The existing public procurement system is centered around business considerations, not the types of social services that nonprofits provide. This is reflected in the boiler plate contract language that is used. Representatives from DAS and other state agencies involved with the task force recognized the difference.

At the conclusion of the task force, Oregon charitable nonprofits were starting to make progress with DAS on identifying which recommendations could be implemented without legislation. Unfortunately, this progress stalled when two of the key DAS representatives left the agency, leaving no one at the agency that understands the nuances of why procurement is different for nonprofits.

Recently, we received [a memo from DAS](#) that stated the task force recommendations align with DAS's Procurement Transformation effort, but there is neither the money to implement the recommendations nor is

there a formal plan to do so. The memo cited no specifics about which of the recommendations cost money to implement. We believe there are specific recommendations that do not require money to implement or legislative approval.

Without a formal plan, Oregon charitable nonprofits are concerned that the differences between nonprofit and business will be overlooked in DAS's Procurement Transformation. And the recommendations for improvements in grantmaking would altogether not be addressed as there is no single state entity other than DAS that could lead this effort. DAS is also well positioned to help develop a centralized grants management system with uniform guidance for agencies to follow.

Unless there is a formal plan, the task force recommendations will not be properly considered and risk sitting on the proverbial "shelf" just gathering dust. Oregon charitable nonprofits have no plans to allow that to happen, which is why we are requesting the following task force recommendations to be implemented through executive action.

- Directing DAS to collect and identify the number of contract bidders that are nonprofits, the value of those contracts and in which agencies. To date, state government has no formal data on how much it contracts with nonprofits despite having a state-wide procurement system in place. Collecting this information would be enormously helpful to understand and quantify the extent of nonprofit partnerships with state agencies and in which areas. Agencies that participated in the task force shared that they could collect this information with guidance from DAS or the governor's office on the parameters.
- Directing state agencies to comply with prompt payment policies as applicable and report when they are unable to make on-time payments to nonprofit contractors or grant recipients. This will help identify what the complications are in delayed payments and how they can be remedied. Late payments really stress a nonprofit's cash flow and affect their ability to pay their employees and provide contracted services continuously.
- Directing state agencies to abide by the administrative indirect rate for federal grants to nonprofits as stipulated by the Office of Management and Budget under [2 CFR 200.414](#). This maximizes nonprofits' capacity to become effective partners by helping them to recover a more equitable, yet still incomplete, portion of their overhead costs. Equally important, it helps nonprofits to meet contract reporting and insurance requirements.
- Directing state agencies to offer contracts that begin on the calendar year instead of the fiscal year. This avoids the time lag between when the legislature approves funds at the end of a biennium in the summer and when state agencies receive the funds in the fall for the new biennium. This helps nonprofits avoid laying off staff and rehiring them two to three months later or continue contracted services without payment. At least one state agency does this already. Why not standardize this practice with state agencies that have a concentration of nonprofit contractors.
- Directing state agencies to offer upfront working capital for grants, including pass through funds from the federal government, so that nonprofits can begin work right away especially in times of emergencies. There is no cost to the state for advancing payments from federal funds that have already been granted.
- Directing state agencies to draft contracts that allow certain activities such as fundraising as a qualified expense, especially for contracts that have been flat funded over several biennia. This allows the nonprofit to raise funds to cover the actual costs of providing services, meet cost match funding requirements, and braid funding to subsidize the contracted work.
- Directing state agencies at the request of the nonprofit to renegotiate the outcomes or terms of a contract if the cost of the deliverables is no longer covered by the appropriated funds due to inflation and other rising costs like insurance.

Oregon charitable nonprofits know that the need for services is going to grow under the current political and economic conditions. All of the above actions help government and nonprofits work better together and more efficiently so that more services can be provided, ultimately reducing costs and improving service delivery.

We recognize and appreciate your long history with nonprofits. If there is any governor that understands the realities that nonprofits face, it is you, Governor Kotek. Let us meet, put our heads together and create an example to the nation of public partnerships done right. We would like to meet with you at your earliest convenience. Let us know how we can support you in delivering services to Oregonians.

Sincerely,



Mercedes Elizalde
President of the Board
Nonprofit Association of Oregon



Jim White
Executive Director
Nonprofit Association of Oregon

Cc: Andre Bealer, Office of Governor
The Honorable Wlnsvey Campos, State Senator

Signatories to the Letter

A Greater Applegate
ACCESS
Adelante Mujeres
AGE+
Alliance for Equity in Montessori Education
Artworks Art Center
Bedrock Theatre
BestCare Treatment Services, Inc.
BLAQ YOUTH, Inc
Boundaries and Beyond
Boys & Girls Club of Corvallis
Boys & Girls Clubs of Emerald Valley
Boys and Girls Club of the Rogue Valley
Bridges Oregon
BRING
Britt Music & Arts Festival
Camp Fire Central Oregon
Camp Magruder
Canyonville City Friends of the Library
CASA of Linn County
CASA of Oregon
CASA-Voices For Children
Cascade Community Pool
Catholic Charities of Oregon
Cave Junction Farmers Market
Center for Nonprofit Law
Central City Concern
Central Oregon Center for the Arts
Central Oregon Veterans Ranch
Centro Cultural
Chenven Law and Consulting LLC
Children's Cancer Association / JoyRx
Children's Institute
Chiloquin Visions in Progress
Circle of Friends
Civil Strategies
Clackamas County Master Gardeners
Clay Space
Clear Compass Legal, LLC
Community Development Partnership
Conservation Biology Institute, Inc.
Consulting, Executive Search & Mediation Services
Corvallis Arts Center, Inc.
Corvallis Environmental Center
Corvallis Multicultural Literacy Center
Corvallis Sister Cities Organization
Curry Community Cares
Dallas area Chamber of Commerce
Desert Sun Consulting
Dickinson Consultants
Diversability Inc.
Douglas Latinas International
Dusty Visions
EARLY PR Agency
East Cascades Works
Educate Ya
Eugene Opera
Eugene Parks Foundation
Farmers Market Fund
Field Day
First Step Florence
Florecer Consulting LLC
Foundations for a Better Oregon
Friends of Chamber Music
Friends of Outdoor School
Geos Institute
Global Nutrition Empowerment
Grants Pass Museum of Art
Greenhill Humane Society
Gresham Senior Center
Growing Gardens
Habitat for Humanity of Lincoln County
HASL Center for Independent Living
Head Start of Yamhill County
Heartland Humane Society
Heritage Bank
HIV Alliance
HOLLA
Honor the Treaty of 1864
Hood River Valley Adult Center
Hope & Safety Alliance
Illinois Valley Family Coalition
Illinois Valley Fire Resiliency Oversight Group
Immigration Counseling Service (ICS)
Inclusion Empowers!
Jackson Street Youth Services
Joyful Noise Child Development Centers
Kairos NW
Kavanaugh Consulting
Konev Consulting LLC.
Labor's Community Service Agency
Lane County Medical Society Foundation
Lane Independent Living Alliance (LILA)
Latino Network
LiFEBoat Services
Lines for Life
Little Sisters Foundation Inc
LoveOne & The Father's Heart
McKenzie Community Land Trust
Mercy Connections, Inc
Metropolitan Family Service

Moriah Rock Ranch
 Mt Ashland Association.
 Narwhal Law and Business Strategy
 New Avenues for Youth Inc.
 No Pamphlet for This (ABN Right of Passage)
 Nonprofit Bookkeeping Guide LLC
 North Coast Food Web
 North Pole Studio
 North Starr Consulting
 Northeast Oregon Network
 Northwest Family Services
 Northwest Health Foundation
 Northwest Pilot Project
 Nyquist & Associates Inc
 OFA
 Old Mill Center for Children and Families Inc.
 Options Counseling and Family Services
 Oregon Academy of Family Physicians
 Oregon Agricultural Trust
 Oregon Alliance of YMCAs
 Oregon Association for the Education of Young
 Children
 Oregon BRAVO Youth Orchestras
 Oregon Climate and Agriculture Network
 Oregon Contemporary
 Oregon Garden Foundation
 Oregon Gerontological Association
 Oregon Health Equity Alliance
 Oregon Livestock Council
 Oregon Museums Association
 Oregon Natural Desert Association
 Oregon Rural Action
 Oregon Sexual Assault Task Force
 Oregon TRIO Association
 Oregon Values and Beliefs Center
 Oregon Workforce Partnership
 Our Children Oregon
 Our Just Future (fka Human Solutions)
 Our Village Gardens
 Parenting Now
 PARKROSE NPI
 Parrott Creek Child & Family Services
 Partners for the PAC
 Performance Works NW
 Play It Forward
 Plaza de Nuestra Comunidad
 Portland Black Community Development
 Consortium
 Portland Books Through Bars
 Portland Lesbian Choir
 Portland Symphonic Girlchoir
 Project 48 Inc.
 Project Access NOW
 Raphael House of Portland
 Raziah Roushan, Inc.
 REACH inc
 Redwood Foundation for Education
 Ride Connection
 Rogue Food Unites
 Rogue Retreat
 Rogue Valley Family YMCA
 ROSE Community Development Corporation
 Rose Haven, CIC
 Samara Learning Center
 Sasquatch HR
 Seed of Faith Ministries
 Serendipity Center
 SFF Presents
 ShelterCare
 Sisters Trails Alliance
 Social Impact Accounting
 Sofia Baum Consulting LLC
 South Lane Mental Health Services, INC
 South Wasco Alliance
 Spot CFO
 SquareOne Villages
 St. Vincent de Paul
 STAR Center
 Steinkopf Strategies
 Store to Door
 Strengthening Rural Families
 Sunriver Music Festival
 Sunshine Foundation of Oregon
 Susan Matlack Jones & Associates
 Talent Maker City
 Tayas Yawks
 The Arc Jackson County
 The Arc Lane County
 The BEAM
 The Bullier House
 The Crest at Willow-Witt Ranch
 The FLIP Museum
 The Gorge Association of Aspirations/La
 Asociacion de Aspiraciones del Gorge
 The Immigrant and Refugee Community
 Organization
 The Insight Alliance
 The Latino Community Association
 The Lemelson Foundation (for identification
 purposes only)
 The Nonprofit Collaboratory
 The Open Arts Center
 Trafficking Law Center
 Trailkeepers of Oregon
 Trauma Healing Project
 Tualatin Together

Umpqua Homes, Inc.
Umpqua Valley Habitat for Humanity
Unidos Bridging Community
United Way of Lane County
United Way of the Columbia-Willamette
United Ways of the PNW
VertueLab
Very Little Theatre
Volunteers in Medicine, Clinic of the Cascades
Wylde Wind & Water
Wyse Commentary
Yarg Foundation
YMCA of Columbia-Willamette
Young Roots Oregon
YWCA of Greater Portland