



To: House Committee on State Government and Elections

From: Nancy Wolanski
Director, Alliance for Nonprofit Impact at United Way of Rhode Island

Date: March 6, 2025

Re: In Opposition to House bill 5454, titled AN ACT RELATING TO GENERAL ASSEMBLY -- COMMITTEES AND STAFF

I am the director of the Alliance for Nonprofit Impact at United Way of Rhode Island, the statewide resource center for nonprofits, and I am grateful for the opportunity to write about the issue at the heart of House bill 5454 -- compensation data in the nonprofit sector.

I appreciate the fact that this bill is being heard in this committee, which is focused on state government, because it recognizes that the nonprofit sector functions as the state's direct service infrastructure. Because the state relies on nonprofits to provide essential services on its behalf, it is critically important that policymakers have an accurate understanding of workforce issues and compensation in the sector.

United Way does an annual survey of nonprofits, and workforce issues (including compensation and benefits) and finances have been the top concerns of responding nonprofits every year that we have done the survey.

While this bill focuses on the highest paid employees at nonprofits, we have found that by far the more prevalent and concerning compensation and data issues are with lower paid positions.

Federal 990 forms provide data and transparency about highly paid nonprofit employees, so we do not have an issue in accessing salaries and additional compensation information for the highest paid employees at large nonprofits. The Department of Business Regulation, as well as other state agencies, utilize 990 forms for due diligence, and the General Assembly and Committee members can easily

access information about the salaries of the highest paid employees at local nonprofit through Guidestar or ProPublica's Nonprofit Explorer other nonprofit search engines.

On the other hand, we have significant concerns with the lack of data about the nonprofit workforce as a whole, and the fact that most nonprofit leaders and staff in Rhode Island receive wages far below their skill and credentialing levels.

According to the 2024 RI Nonprofit survey, entry level wages in Rhode Island nonprofits are insufficient to support a family in our state. Almost 60% of entry level positions pay less than \$20/hour, which according to the EPI Standard of Need budget is not sufficient even for a single adult to make ends meet, let alone provide for a family.

One in five (22%) organizations in the 2024 survey had an unpaid executive director. Among paid executive directors and senior management in the survey, one in 10 is paid less than \$50,000, and with 5% paid under \$25,000, which, if they are working full-time, amounts to an average of less than \$14/hour.

A third of the organizations in the survey are unable to provide medical and retirement benefits for employees, which is why we were such a strong supporter of the RISaves program, which passed the General Assembly last year.

Two thirds of nonprofits listed higher compensation in the for-profit sector as a primary factor in their difficulties they experience in recruiting and retaining qualified employees. Almost 40% cited higher salaries in neighboring states as an obstacle in hiring. Over 40% struggle to hire because for-profit companies are able to offer better benefits.

One nonprofit in the survey said, "We have a very talented team, but unfortunately most are working part-time or less, and doing much more voluntary hours than they should have to in order to keep the organizational motor running to speed. Many of these staff have other jobs as their main source of income because we cannot offer competitive wages and benefits at this time. This split syphons from their ability to operate at optimal capacity."

State contracts for nonprofits do not provide funding for market rate wages, and it is obviously difficult to recruit someone to do difficult, sometimes exhausting, work for barely over minimum wage, particularly for positions requiring training and certification, where workers have incurred costs for schooling and invested themselves so that they could better provide for their families.

In the 2024 RI Nonprofit Survey, over half of nonprofit vacancies (55%) lasted over three months, and 13% last over six months. This results in long waiting lists for essential services and makes the state vulnerable to compliance lawsuits for not providing these services to Rhode Islanders who depend on them.

We don't have the data we need to address these workforce issues because federal workforce data is not disaggregated for the nonprofit sector. While every for-profit sector, including goat herding, receives quarterly workforce and wage data, enabling companies and policymakers to make strategic decisions based on current data and forecast employment trends, nonprofit data is only released **every 5-7 years**, leaving the state and nonprofit leaders blind about employment trends that impact critical services that the state is mandated to provide.

This data blindness, and the fact that half of the nonprofits in 2024 survey have staff who are considering leaving the sector and a third have staff who have left the sector, due at least in part to the low wages in the sector, are issues that we would appreciate the opportunity to work with the Committee and the General Assembly on.

Because the information requested in this bill is already publicly available through 990 forms, we oppose this bill, but we look forward to future opportunities to work with the bill's sponsors, and this Committee, on addressing issues related to nonprofit workforce data and compensation.

I know we share a commitment to ensuring that Rhode Islanders have access to the programs and services the state contracts with nonprofits to provide, and it is essential to address these issues to ensure that these nonprofits are sustainable.

Thank you for your time, and I am happy to answer any questions you may have.

If you would like to look at the data from the 2024 RI Nonprofit Survey, [you can find it here](#).