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January 5, 2026

Oregon Criminal Justice Commission &  
Mult. County Local Public Safety Coordinating Council  
885 Summer St NE                      501 SE Hawthorne Blvd.  
Salem, OR 97301                      Portland, OR 97214

Dear Oregon Criminal Justice Commission/Local Public Safety Coordinating Council,

I am writing to request an exception to increase the approved indirect cost rate from 10% to 15%. As currently structured, the 10% rate does not fully cover the actual costs required to operate and support this program and would result in the program running at a deficit. For context, Lutheran Community Services Northwest (LCSNW)'s federally negotiated indirect cost rate is 30.30%. Operating at a 10% rate means the program is absorbing roughly two-thirds of our actual indirect costs, creating a structural gap that is difficult to sustain over time.

Like many human services organizations, the cost of doing business has increased steadily. Essential functions such as finance, human resources, compliance, facilities, insurance, and organizational oversight are foundational to program success and accountability, yet they are not fully reimbursed under the current indirect rate. These functions directly support staff, ensure compliance with funder requirements, and allow programs to operate smoothly and responsibly.

In recent years, we have also made intentional investments in technology and infrastructure to better support growing community needs and funder expectations. This includes secure data systems, client and case management platforms, grants and financial management tools, and strengthened IT and cybersecurity systems. These investments are critical to protecting client data, ensuring accurate reporting, and supporting staff efficiency—particularly as service demand and reporting complexity continue to grow.

We have taken thoughtful steps to manage costs responsibly, including sharing services across programs, pursuing efficiencies, and carefully stewarding unrestricted resources. Even with these efforts, the difference between allowable indirect recovery and actual organizational costs remains significant. An indirect rate of 15% would not fully cover our true indirect costs, but it would meaningfully reduce the gap and allow us to operate the program more sustainably. This stability is especially important for retaining qualified staff, minimizing turnover, and ensuring continuity of services for clients who rely on consistent, trusted relationships.

We offer this request in the spirit of collaboration and transparency. Our goal is to ensure this program remains strong, compliant, and financially sound without relying on internal subsidies that are increasingly limited. We believe this adjustment supports our shared goals of service continuity, fiscal responsibility, and long-term impact.

Thank you for considering this request. We would be glad to provide additional information or discuss this further at your convenience.

Sincerely,  
Mindy Johnston  
Transformative Healing & Justice Program Director  
Lutheran Community Services Northwest