

A-Engrossed
Senate Bill 606

Ordered by the Senate April 11
Including Senate Amendments dated April 11

Sponsored by Senator CAMPOS; Senators GELSER BLOUIN, GOLDEN, JAMA, Representatives NERON, PHAM K (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Establishes Nonprofit Workforce Retention Fund in State Treasury, separate and distinct from General Fund, from which Employment Department must provide grants to qualifying nonprofit organizations for purpose of increasing compensation of and reducing turnover among employees of each recipient nonprofit organization.]

Sets minimum rate at which specified state agencies may compensate nonprofit organizations for indirect costs related to providing services.

Establishes Task Force on Modernizing Grant Funding and Contracting. Specifies membership of task force. Requires task force to examine how state's granting and public procurement practices limit wages of employees of nonprofit organizations and make recommendations to Oregon Department of Administrative Services concerning changes to state procurement practices that will support living wages for employees of nonprofit organizations, uniform application procedures for grant moneys, standard contracting language that permits flexibility in contract terms and conditions and multiyear contract terms, sufficient reporting requirements that are commensurate with funding levels and that allow for adequate lead time for changes to reporting required within term of contract, payment models that prioritize full cost recovery and mechanism for ongoing review and evaluation of grantmaking and procurement processes.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to compensation for nonprofit organizations that provide services on behalf of the state;
3 and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. (1) As used in this section:**

6 (a) "Contracting agency" has the meaning given that term in ORS 279A.010.

7 (b) "Granting agency" means the Department of Human Services, the Oregon Health
8 Authority, the Housing and Community Services Department, the Department of Education,
9 the Department of Early Learning and Care, the Oregon Youth Authority, the Oregon De-
10 partment of Emergency Management, the Higher Education Coordinating Commission or the
11 Department of Justice.

12 (c) "Nonprofit organization" means an organization that is described in section 501(c)(3)
13 of the Internal Revenue Code that is exempt from income tax under section 501(a) of the
14 Internal Revenue Code.

15 (d) "Procurement" has the meaning given that term in ORS 279A.010.

16 (2)(a) If a granting agency provides moneys to a nonprofit organization to pay expenses
17 that the nonprofit organization incurs in providing services on the granting agency's behalf,
18 the granting agency shall pay the nonprofit organization at the applicable rate that is the
19 highest among the following rates:

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (A) The rate specified in any federally negotiated indirect cost rate agreement the
2 nonprofit organization has with a federal agency;

3 (B) A 10 percent de minimis rate for the nonprofit organization's indirect costs; or

4 (C) The rate that the nonprofit organization negotiated with the granting agency.

5 (b) A granting agency may not provide payment as reimbursement for a nonprofit
6 organization's expenses unless:

7 (A) The granting agency and the nonprofit organization agree that the granting agency
8 will reimburse the nonprofit organization for expenses; or

9 (B) A federal agency or federal law requires the granting agency to reimburse the
10 nonprofit organization for expenses as a condition of the granting agency's receiving federal
11 funds.

12 (3) If a contracting agency conducts a procurement for services from a nonprofit organ-
13 ization and in a public contract intends to compensate the nonprofit organization for services
14 on a monthly basis, the contracting agency must make a payment within 30 days after
15 awarding the public contract to the nonprofit organization.

16 (4) The Oregon Department of Administrative Services, not later than December 31, 2025,
17 shall develop a plan to implement by January 1, 2029, consistent contracting and granting
18 procedures for grants and public contracts with nonprofit organizations.

19 **SECTION 2.** (1) The Task Force on Modernizing Grant Funding and Contracting is es-
20 tablished.

21 (2) The task force consists of 15 members appointed as follows:

22 (a) The President of the Senate shall appoint one member from among members of the
23 Senate.

24 (b) The Speaker of the House of Representatives shall appoint one member from among
25 members of the House of Representatives.

26 (c) The Governor shall appoint 12 members as follows:

27 (A) One member who represents the office of the Governor;

28 (B) One member who represents the Oregon Department of Administrative Services;

29 (C) One member who represents a public or private foundation with headquarters in this
30 state; and

31 (D) Nine members who represent nonprofit organizations that since January 1, 2020, have
32 received grants from or entered into public contracts with a state agency, a municipality or
33 another nonprofit organization.

34 (d) The Attorney General shall appoint one member who represents the Department of
35 Justice.

36 (3) The task force shall examine how the state's granting and public procurement prac-
37 tices limit the wages of employees of nonprofit organizations and make recommendations to
38 the Oregon Department of Administrative Services concerning:

39 (a) Changes to state procurement practices that will support living wages for employees
40 of nonprofit organizations;

41 (b) Uniform application procedures for grant moneys that apply to each granting agency,
42 as defined in section 1 of this 2023 Act;

43 (c) Standard contracting language that permits flexibility in contract terms and condi-
44 tions and multiyear contract terms;

45 (d) Sufficient reporting requirements that are commensurate with funding levels and that

1 allow for adequate lead time for changes to reporting required within the term of a contract;

2 (e) Payment models that prioritize full cost recovery; and

3 (f) A mechanism for ongoing review and evaluation of grantmaking and procurement
4 processes.

5 (4) The task force may conduct studies, take testimony, request data and information
6 from state agencies and otherwise take actions necessary to carry out the purposes set forth
7 in subsection (3) of this section.

8 (5) A majority of the voting members of the task force constitutes a quorum for the
9 transaction of business.

10 (6) Official action by the task force requires the approval of a majority of the voting
11 members of the task force.

12 (7) The task force shall elect one of its members to serve as chairperson.

13 (8) If there is a vacancy for any cause, the appointing authority shall make an appoint-
14 ment to become immediately effective.

15 (9) The task force shall meet at times and places specified by the call of the chairperson
16 or of a majority of the voting members of the task force.

17 (10) The task force may adopt rules necessary for the operation of the task force.

18 (11) The task force shall submit a report in the manner provided by ORS 192.245, and
19 may include recommendations for legislation, to an interim committee of the Legislative
20 Assembly related to grantmaking and public procurement, with a copy to the Director of the
21 Oregon Department of Administrative Services, no later than September 15, 2024.

22 (12) The Oregon Department of Administrative Services shall provide staff support to the
23 task force.

24 (13) Members of the Legislative Assembly appointed to the task force are nonvoting
25 members of the task force and may act in an advisory capacity only.

26 (14) Members of the task force who are not members of the Legislative Assembly are not
27 entitled to compensation or reimbursement for expenses and serve as volunteers on the task
28 force.

29 (15) All agencies of state government, as defined in ORS 174.111, are directed to assist
30 the task force in the performance of the duties of the task force and, to the extent permitted
31 by laws relating to confidentiality, to furnish information and advice the members of the task
32 force consider necessary to perform their duties.

33 **SECTION 3.** Section 2 of this 2023 Act is repealed on December 31, 2024.

34 **SECTION 4.** This 2023 Act takes effect on the 91st day after the date on which the 2023
35 regular session of the Eighty-second Legislative Assembly adjourns sine die.

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