

Senate Bill 606

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 **as introduced**.

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) There is established in the State Treasury, separate and distinct from the**
6 **General Fund, the Nonprofit Workforce Retention Fund. The Nonprofit Workforce Retention**
7 **Fund consists of moneys the Employment Department collects or receives as appropriations**
8 **from the Legislative Assembly under section 2 of this 2023 Act.**

9 **(2) All income earned on moneys in the Nonprofit Workforce Retention Fund invested**
10 **by the State Treasurer accrues to the fund. Any balance in the fund does not lapse at any**
11 **time. All moneys in the fund are appropriated continuously to the department for the pur-**
12 **pose of providing grants under subsection (3) of this section.**

13 **(3)(a) The Employment Department at the start of each biennium shall provide from not**
14 **more than 90 percent of the balance of the Nonprofit Workforce Retention Fund grants to**
15 **qualifying nonprofit organizations for the purpose of increasing the compensation of and re-**
16 **ducing turnover among employees of each recipient nonprofit organization. A nonprofit or-**
17 **ganization is a qualifying nonprofit organization if the nonprofit organization entered into a**
18 **contract not earlier than January 1, 2020, with the Department of Human Services, the**
19 **Oregon Health Authority, the Housing and Community Services Department, the Department**
20 **of Education, the Department of Early Learning and Care, the Oregon Youth Authority, the**
21 **Oregon Department of Emergency Management or the Department of Justice under which**
22 **the nonprofit organization on behalf of the department or authority provided direct services**

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 to residents of this state.

2 (b) A hospital, community care organization or an institution of higher education is not
3 a qualifying nonprofit organization under this section.

4 (4) The Employment Department by rule shall establish application procedures, forms,
5 deadlines, evaluation criteria and related requirements for grant applicants. The department
6 each biennium shall also establish limits on the amount of grant moneys available to each
7 applicant based on the balance of moneys in the Nonprofit Workforce Retention Fund at the
8 beginning of each biennium. The department shall establish the limits based on the number
9 of anticipated or actual applicants, with the goal of allowing equal access to grant moneys
10 for all applicants, but the department may vary the moneys available for specific grants
11 based on an applicant's demonstrated need and the critical nature of the services the appli-
12 cant provides.

13 (5) The Employment Department by rule shall establish procedures under which each
14 recipient nonprofit organization reports periodically on the use of grant moneys and under
15 which the department periodically audits the use to ensure that recipient nonprofit organ-
16 izations use grant moneys from the Nonprofit Workforce Retention Fund for the purposes
17 set forth in this section.

18 **SECTION 2.** In addition to and not in lieu of any other appropriation, there is appropri-
19 ated to the Employment Department, for the biennium beginning July 1, 2023, out of the
20 General Fund, the amount of \$_____ to be deposited into the Nonprofit Workforce Re-
21 tention Fund established under section 1 of this 2023 Act, which the department shall expend
22 for the purposes set forth in section 1 of this 2023 Act.

23 **SECTION 3.** (1) As used in this section:

24 (a) "Granting agency" means the Department of Human Services, the Oregon Health
25 Authority, the Housing and Community Services Department, the Department of Education,
26 the Department of Early Learning and Care, the Oregon Youth Authority, the Oregon De-
27 partment of Emergency Management or the Department of Justice.

28 (b) "Nonprofit organization" means an organization that is described in section 501(c)(3)
29 of the Internal Revenue Code that is exempt from income tax under section 501(a) of the
30 Internal Revenue Code and that received grant moneys from, or was a party to a public
31 contract with a granting agency, on or after January 1, 2020.

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

33 (2)(a) A granting agency that conducts a procurement for services from a nonprofit or-
34 ganization shall compensate the nonprofit organization for the services at the applicable rate
35 that is the highest among the following rates:

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

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

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

40 (b) A granting agency may not provide compensation as reimbursement for a nonprofit
41 organization's expenses.

42 (c) If a granting agency intends to compensate a nonprofit organization for services un-
43 der a public contract on a monthly basis, the granting agency must make an initial payment
44 within 30 days after awarding the public contract to the nonprofit organization.

45 (3) The Oregon Department of Administrative Services, not later than December 31, 2025,

1 shall develop a plan to implement by January 1, 2029, consistent contracting and granting
2 procedures for grants and public contracts with nonprofit organizations.

3 **SECTION 4. (1) The Task Force on Modernizing Grant Funding and Contracting is es-**
4 **tablished.**

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

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

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

10 (c) The Governor shall appoint 19 members as follows:

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

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

13 (C) One member who represents the Department of Human Services;

14 (D) One member who represents the Oregon Health Authority;

15 (E) One member who represents the Housing and Community Services Department;

16 (F) One member who represents the Department of Education;

17 (G) One member who represents the Department of Early Learning and Care;

18 (H) One member who represents the Oregon Youth Authority;

19 (I) One member who represents the Oregon Department of Emergency Management;

20 (J) One member who represents the Department of Justice; and

21 (K) Nine members who represent nonprofit organizations that since January 1, 2020, have
22 received grants from or entered into public contracts with a department or authority listed
23 in subparagraphs (B) to (J) of this paragraph.

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

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

29 (b) Uniform application procedures for grant moneys that apply to the agencies listed in
30 subsection (2)(c)(B) to (J) of this section;

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

33 (d) Sufficient reporting requirements that are commensurate with funding levels and that
34 allow for adequate lead time for changes to reporting required within the term of a contract;

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

36 (f) A mechanism for ongoing review and evaluation of grantmaking and procurement
37 processes.

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

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

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

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

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

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

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

6 (11) The task force shall submit a report in the manner provided by ORS 192.245, and
7 may include recommendations for legislation, to an interim committee of the Legislative
8 Assembly related to grantmaking and public procurement no later than September 15, 2024.

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

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

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

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

20 **SECTION 5.** Section 4 of this 2023 Act is repealed on December 31, 2024.

21 **SECTION 6.** This 2023 Act takes effect on the 91st day after the date on which the 2023
22 regular session of the Eighty-second Legislative Assembly adjourns sine die.

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