

SB 602-5
(LC 2202)
5/12/25 (TSB/ps)

Requested by Senator CAMPOS

**PROPOSED AMENDMENTS TO
SENATE BILL 602**

1 On page 1 of the printed bill, line 2, after “organizations” insert a period
2 and delete the rest of the line.

3 Delete lines 4 through 25 and delete pages 2 through 5 and insert:

4 **“SECTION 1. (1) The Nonprofit Advisory Council is established. The**
5 **Governor shall appoint the 11 members of the council who, to the ex-**
6 **tent possible, represent geographically diverse regions of this state,**
7 **as follows:**

8 **“(a) One member who represents the office of the Governor;**

9 **“(b) One member who represents the Oregon Department of Ad-**
10 **ministrative Services;**

11 **“(c) Two members who represent state agencies that conduct pro-**
12 **curements for services from nonprofit organizations;**

13 **“(d) One member who represents either a public or private founda-**
14 **tion with headquarters in this state; and**

15 **“(e) Six members who represent nonprofit organizations that since**
16 **January 1, 2020, have received grants from or entered into public**
17 **contracts with a state agency, a municipality or another nonprofit**
18 **organization.**

19 **“(2) The term of office of each member is four years, but a member**
20 **serves at the pleasure of the Governor. Before the term of a member**
21 **expires, the Governor shall appoint a successor whose term begins on**

1 January 1 next following. A member is eligible for reappointment for
2 one additional term. If there is a vacancy for any cause, the Governor
3 shall make an appointment that becomes immediately effective for the
4 unexpired term.

5 “(3) Members of the council are not entitled to compensation.

6 “(4) The council shall select one of the council’s members as
7 chairperson and another member as vice chairperson, for a two-year
8 term. The chairperson and vice chairperson may not serve for more
9 than two consecutive terms.

10 “(5) A majority of the members of the council constitutes a quorum
11 for transacting business, but only if the majority includes both mem-
12 bers identified in subsection (1)(a), (b) or (c) of this section and mem-
13 bers identified in subsection (1)(d) or (e) of this section.

14 “(6)(a) The council shall meet at a place, day and hour determined
15 by the council. The council may also meet at other times and places
16 specified by the call of the chairperson or of a majority of the mem-
17 bers of the council.

18 “(b) A member who is unable to attend a meeting of the council
19 may designate a person from the same office, agency, foundation or
20 organization, as appropriate, as the member to attend the meeting on
21 the member’s behalf and to exercise the member’s powers and duties
22 during the meeting.

23 “(7) A majority of the members of the council must approve official
24 action by the council. The council may recommend legislation, public
25 policy and solutions to address the goals specified in subsection (8) of
26 this section.

27 “(8) The council shall:

28 “(a) Consult with the Oregon Department of Administrative Ser-
29 vices and with employees of other state agencies that make grants to
30 or enter into public contracts with nonprofit organizations, concerning

1 granting and procurement processes in this state as applied to
2 nonprofit organizations, and recommend changes necessary to ensure
3 that the processes and materials take account of business practices
4 that are common among nonprofit organizations.

5 “(b) Identify and recommend updates to statute and administrative
6 rule to improve grant making and contracting processes with
7 nonprofit organizations.

8 “(c) Make recommendations that include improving training plans,
9 contract or grant agreement templates and other related materials.

10 “(d) Evaluate and recommend, in consultation with state agencies
11 that have a high volume of grant agreements with nonprofit organ-
12 izations, whether to create a centralized database to manage grant
13 making.

14 “(e) Compile and deliver not later than the end of each biennium a
15 report on progress that has occurred during the previous two years
16 related to grant making reform and procurement of services from
17 nonprofit organizations. The council shall deliver the report as pro-
18 vided in ORS 192.245 to:

19 “(A) Interim committees of the Legislative Assembly related to
20 grant making and public procurement; and

21 “(B) The Racial Justice Council.

22 “(9) The Oregon Department of Administrative Services shall pro-
23 vide staff support to the council.

24 “(10) All agencies of state government, as defined in ORS 174.111,
25 shall assist the council in performing the council’s duties and, to the
26 extent permitted by laws relating to confidentiality, furnish such in-
27 formation and advice as the members of the council consider neces-
28 sary to perform the members’ duties.

29 **“SECTION 2. (1) As used in this section:**

30 “(a) ‘Advance payment’ means a payment a state contracting

1 agency makes to a nonprofit organization under a grant agreement
2 or public contract before the nonprofit organization disburses moneys
3 for purposes of carrying out the program or activity that is the subject
4 of the grant or public contract.

5 “(b) ‘Nonprofit organization’ means an organization or a group of
6 organizations that:

7 “(A) Is described in section 501(c)(3) of the Internal Revenue Code
8 and is exempt from income tax under section 501(a) of the Internal
9 Revenue Code;

10 “(B) Is registered to operate in this state;

11 “(C) Is operated primarily for scientific, educational, service, char-
12 itable or similar purposes in the public interest;

13 “(D) Is not organized primarily for profit;

14 “(E) Is not an institute of higher education; and

15 “(F) Uses net proceeds to maintain, improve and expand the
16 organization’s operations.

17 “(c) ‘Program year’ means a 12-month period during which a pro-
18 gram or activity that a grant funds or that is subject to a public con-
19 tract is active.

20 “(d)(A) ‘Public contract’ means a state contracting agency’s sale
21 or other disposal, or purchase, lease, rental or other acquisition, of
22 personal property or services, including personal services.

23 “(B) ‘Public contract’ does not include a grant.

24 “(e) ‘State contracting agency’ has the meaning given that term in
25 ORS 279A.010.

26 “(2)(a) A state contracting agency may take one or both of the
27 actions described in paragraph (b) of this subsection if:

28 “(A) The state contracting agency advertises a grant or solicits a
29 procurement for services and in the advertisement or solicitation
30 specifies a maximum amount of the grant or a maximum contract

1 price for the procurement;

2 “(B) The grant recipient or the contractor to which the state con-
3 tracting agency intends to award the grant or public contract is a
4 nonprofit organization; and

5 “(C) After evaluating grant applications or proposals for the pro-
6 curement, the state contracting agency determines that the specified
7 maximum amount of the grant or the contract price is insufficient to
8 complete the services for which the state contracting agency intends
9 to award the grant or public contract.

10 “(b) Under the circumstances described in paragraph (a) of this
11 subsection, a state contracting agency may:

12 “(A) Adjust the amount of the grant or the contract price for the
13 procurement to cover the full amount of the estimated costs of direct
14 services and associated reporting or decrease the obligations in the
15 grant agreement or public contract; or

16 “(B) Ensure that the amount of the grant or the contract price is
17 sufficient to cover any requirements the state contracting agency has
18 for insurance coverage other than insurance coverage that is common
19 among nonprofit organizations.

20 “(3)(a) A nonprofit organization may charge as a cost of adminis-
21 tering a grant or providing a service under a public contract and for
22 the nonprofit organization’s other indirect costs not less than the
23 greater of:

24 “(A) The rate of indirect costs that the nonprofit organization may
25 charge under a negotiated indirect cost rate agreement with a federal
26 agency, as provided in 2 C.F.R. 200.414, as in effect on the effective
27 date of this 2025 Act, if the nonprofit organization has negotiated such
28 an agreement; or

29 “(B) The de minimis rate described in 2 C.F.R. 200.414.

30 “(b) A nonprofit organization may negotiate during the term of the

1 grant agreement or public contract for a greater rate of indirect or
2 administrative costs than the rate the nonprofit organization charges
3 under paragraph (a) of this subsection if the program or activity re-
4 quires additional indirect or administrative costs to meet the objec-
5 tives of the grant or public contract.

6 “(c) A state contracting agency may negotiate and establish a pay-
7 ment schedule in the grant agreement or public contract and ensure
8 timely payments to the nonprofit organization by tracking the state
9 contracting agency’s performance and correcting performance that
10 does not meet the payment schedule.

11 “(4)(a) A state contracting agency shall provide in each grant
12 agreement or public contract with a nonprofit organization that the
13 state contracting agency:

14 “(A) Shall provide an advance payment in an amount equivalent to,
15 at a minimum, 25 percent of the amount of the grant or contract price
16 that the nonprofit organization will receive during a program year if
17 the grant or public contract is for work the nonprofit organization will
18 perform in response to a declaration of a state of emergency under
19 ORS 401.165.

20 “(B) May offer a cost-of-living adjustment or inflation adjustment
21 for a public contract with a term that exceeds 12 months, or that the
22 state contracting agency extends or reviews for a period in addition
23 to an initial 12 months, if the state contracting agency has an appro-
24 priation that provides funding for an adjustment.

25 “(b) Apart from the requirement to make an advance payment in
26 the circumstances described in paragraph (a)(A) of this subsection, a
27 state contracting agency may offer an advance payment to a nonprofit
28 organization and shall provide in the grant agreement or the public
29 contract the terms under which the state contracting agency will
30 make the advance payment.

1 “(c) If a state contracting agency does not intend, or is unable, to
2 provide an advance payment under a grant or public contract, the
3 state contracting agency shall explain in the advertisement for the
4 grant or the solicitation documents for the procurement why the state
5 contracting agency is not offering an advance payment.

6 “(d) If in a public contract a state contracting agency provides in
7 accordance with paragraph (a)(B) of this subsection that the state
8 contracting agency cannot offer a cost-of-living adjustment or an in-
9 flation adjustment because the state contracting agency does not have
10 an appropriation to fund the adjustment, the state contracting agency
11 must offer the nonprofit organization an opportunity to present an
12 adjusted scope of work that specifies deliverables or outcomes. If the
13 state contracting agency accepts the proposed scope of work, the par-
14 ties shall amend the public contract to reflect the accepted scope of
15 work.

16 “(5) A state contracting agency may establish a program year that
17 best suits the objectives of a grant agreement or public contract with
18 a nonprofit organization.”.
