

SB 602-6
(LC 2202)
5/29/25 (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) As used in this section, ‘state agency’ means an**
5 **agency of the executive department, as defined in ORS 174.112, other**
6 **than the Secretary of State, the State Treasurer and the Oregon Pub-**
7 **lic Defense Commission.**

8 **(2) The Nonprofit Advisory Council is established. The Governor**
9 **shall appoint the 11 members of the council who, to the extent possi-**
10 **ble, represent geographically diverse regions of this state, as follows:**

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

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

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

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

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

1 **“(3) The term of office of each member is four years, but a member**
2 **serves at the pleasure of the Governor. Before the term of a member**
3 **expires, the Governor shall appoint a successor whose term begins on**
4 **January 1 next following. A member is eligible for reappointment for**
5 **one additional term. If there is a vacancy for any cause, the Governor**
6 **shall make an appointment that becomes immediately effective for the**
7 **unexpired term.**

8 **“(4) Members of the council are not entitled to compensation.**

9 **“(5) The council shall select one of the council’s members as**
10 **chairperson and another member as vice chairperson, for a two-year**
11 **term. The chairperson and vice chairperson may not serve for more**
12 **than two consecutive terms.**

13 **“(6) A majority of the members of the council constitutes a quorum**
14 **for transacting business, but only if the majority includes both mem-**
15 **bers identified in subsection (2)(a), (b) or (c) of this section and mem-**
16 **bers identified in subsection (2)(d) or (e) of this section.**

17 **“(7)(a) The council shall meet at a place, day and hour determined**
18 **by the council. The council may also meet at other times and places**
19 **specified by the call of the chairperson or of a majority of the mem-**
20 **bers of the council.**

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

26 **“(8) A majority of the members of the council must approve official**
27 **action by the council. The council may recommend legislation, public**
28 **policy and solutions to address the goals specified in subsection (9) of**
29 **this section.**

30 **“(9) The council shall:**

1 “(a) Consult with the Oregon Department of Administrative Ser-
2 vices and with employees of state agencies that make grants to or
3 enter into public contracts with nonprofit organizations, concerning
4 granting and procurement processes in this state as applied to
5 nonprofit organizations, and recommend changes necessary to ensure
6 that the processes and materials take account of business practices
7 that are common among nonprofit organizations.

8 “(b) Identify and recommend updates to statute and administrative
9 rule to improve grant making and contracting processes with
10 nonprofit organizations.

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

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

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

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

24 “(B) The Racial Justice Council.

25 “(10) The Oregon Department of Administrative Services shall pro-
26 vide staff support to the council.

27 “(11) Each state agency shall assist the council in performing the
28 council’s duties and, to the extent permitted by laws relating to
29 confidentiality, furnish such information and advice as the members
30 of the council consider necessary to perform the members’ duties.

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

2 **“(a) ‘Advance payment’ means a payment a state agency makes to**
3 **a nonprofit organization under a grant agreement or public contract**
4 **before the nonprofit organization disburses moneys for purposes of**
5 **carrying out the program or activity that is the subject of the grant**
6 **or public contract.**

7 **“(b) ‘Nonprofit organization’ means an organization or a group of**
8 **organizations that:**

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

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

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

15 **“(D) Is not organized primarily for profit;**

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

17 **“(F) Uses net proceeds to maintain, improve and expand the**
18 **organization’s operations.**

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

22 **“(d)(A) ‘Public contract’ means a state agency’s sale or other dis-**
23 **posal, or purchase, lease, rental or other acquisition, of personal**
24 **property or services, including personal services.**

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

26 **“(e) ‘State agency’ means an agency of the executive department,**
27 **as defined in ORS 174.112, other than the Secretary of State, the State**
28 **Treasurer and the Oregon Public Defense Commission.**

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

1 “(A) The state agency advertises a grant or solicits a procurement
2 for services and in the advertisement or solicitation specifies a maxi-
3 mum amount of the grant or a maximum contract price for the pro-
4 curement;

5 “(B) The grant recipient or the contractor to which the state agency
6 intends to award the grant or public contract is a nonprofit organiza-
7 tion; and

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

13 “(b) Under the circumstances described in paragraph (a) of this
14 subsection, a state agency may:

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

19 “(B) Ensure that the amount of the grant or the contract price is
20 sufficient to cover any requirements the state agency has for insur-
21 ance coverage other than insurance coverage that is common among
22 nonprofit organizations.

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

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

1 an agreement; or

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

3 “(b) A nonprofit organization may negotiate during the term of the
4 grant agreement or public contract for a greater rate of indirect or
5 administrative costs than the rate the nonprofit organization charges
6 under paragraph (a) of this subsection if the program or activity re-
7 quires additional indirect or administrative costs to meet the objec-
8 tives of the grant or public contract.

9 “(c) A state agency may negotiate and establish a payment schedule
10 in the grant agreement or public contract and ensure timely payments
11 to the nonprofit organization by tracking the state agency’s perform-
12 ance and correcting performance that does not meet the payment
13 schedule.

14 “(4)(a) A state agency shall provide in each grant agreement or
15 public contract with a nonprofit organization that the state agency:

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

22 “(B) May offer a cost-of-living adjustment or inflation adjustment
23 for a public contract with a term that exceeds 12 months, or that the
24 state agency extends or reviews for a period in addition to an initial
25 12 months, if the state agency has an appropriation that provides
26 funding for an adjustment.

27 “(b) Apart from the requirement to make an advance payment in
28 the circumstances described in paragraph (a)(A) of this subsection, a
29 state agency may offer an advance payment to a nonprofit organiza-
30 tion and shall provide in the grant agreement or the public contract

1 the terms under which the state agency will make the advance pay-
2 ment.

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

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

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

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