

Support the Oregon Nonprofit Grant and Contract Modernization Act: Senate Bill 602

Background

The State of Oregon partners with nonprofits to deliver a wide range of essential services to communities statewide. Nonprofits are crucial in areas where a community-based, culturally responsible approach, along with local support, is key to effectively implementing legislatively funded services. They include behavioral health, housing, children/youth services, public health, human services, and emergency response.

In 2023, the Oregon Legislature established a task force to study procedures and stipulations in government grantmaking and contracting that hinder nonprofits. The task force was charged with recommending structural and procedural improvements. Senate Bill 602 follows the task force's [recommendations](#) for the 2025 Legislature.

Why is this legislation needed?

Over the years, disjointed application processes, restrictive contracts, incommensurate reporting requirements, delayed payments, reimbursement-based grants, low-administrative rates, and lack of cost-of-living adjustments have affected nonprofits' financial stability and threatens critical service provision. In part due to these issues, wages have stagnated, and staff turnover has increased in the nonprofit sector. Senate Bill 602 improves cash flow, streamlines processes, and expedites cost recovery.

Key Components

- Establishes a nonprofit advisory council to oversee service improvements, implementation, and compliance.
- Initiates steps to create a new set of ORS with OAR's specifically for grants. This will streamline Oregon's grants management by promulgating a uniform set of guidance for state agencies to follow.
- Initiates planning to create a centralized statewide grant management database to integrate procurement and program management workflows, store organizational information

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(organizational profile) and application details, and operate as a repository for reports and training materials.

- Encourages state agencies to make advance payments for funds equivalent to one-quarter of the annual value at the start of each new fiscal year for both new and ongoing contracts and grants.
- Encourages agencies to track rates of on-time payments of invoices to ensure they meet the payment schedule agreed to in the contract or grant agreement.
- Updates all necessary ORS/OARs to encourage state agencies to comply with the federal OMB guidelines for administrative rates (2 CFR 200), which mandate that contracts include either a de minimis standard (currently set at 15%) or the organization's approved negotiated indirect cost rate agreement (NICRA).
- Encourages COLA/inflation adjustments for contracts or grants if the contract exceeds 12 months or longer.
- Ensures that the cost of reporting and insurance requirements in contracts and grant agreements is covered by the indirect rate/NICRA sufficiently.)

For more information, please contact NAO's Director of Public Policy, Phillip Kennedy-Wong at (971) 645-2601 or pkennedy-wong@nonprofitoregon.org.