

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Government Operations and Military Affairs to which  
3 was referred House Bill No. 140 entitled “An act relating to requirements for  
4 State-funded grants” respectfully reports that it has considered the same and  
5 recommends that the bill be amended by striking out all after the enacting  
6 clause and inserting in lieu thereof the following:

7 Sec. 1. GRANT APPLICATIONS AND AGREEMENTS; INDIRECT  
8 RATES FOR NONPROFITS; BULLETIN 5

9 On or before July 1, 2025, the Secretary of Administration shall include in  
10 Administrative Bulletin 5, Policy for Grant Issuance and Monitoring, a  
11 uniform formula and approval process for use in all State-funded grants for  
12 nonprofit corporations that request to use an indirect rate higher than the  
13 standard de minimis rate, pursuant to 2 C.F.R. § 200.332(a)(4).

14 Sec. 2. PROMPT EXECUTION OF GRANT AGREEMENTS AND  
15 PROMPT PAYMENT OF GRANT FUNDS

16 (a) Execution of grant agreements.

17 (1) A State agency shall, to the greatest extent possible, execute a State-  
18 funded grant agreement with an organization not later than 30 days after:

19 (A) funds are appropriated in the budget to the agency for the  
20 purposes of a grant agreement between the agency and organization; or

1           (B) notice, either written or verbal, of an award of a State-funded  
2           grant is provided by the granting agency to the organization.

3           (2) If a granting agency is unable to execute a State-funded grant  
4           agreement pursuant to the terms set forth in subdivision (1) of this subsection,  
5           the granting agency shall submit in writing an explanation to the Agency of  
6           Administration as to why it was unable to meet its obligation.

7           (b) Prompt payment.

8           (1) For all executed State-funded grant agreements, the granting agency  
9           shall, to the greatest extent possible, pay the grantee within 30 days after  
10           receipt of a valid written request for payment from the grantee. A written  
11           request for payment from the grantee is valid if it meets the requirements in the  
12           executed grant agreement between the granting agency and grantee.

13           (2) If a granting agency is unable to promptly pay the grantee of a State-  
14           funded grant agreement pursuant to the terms set forth in subdivision (1) of this  
15           subsection, the granting agency shall submit in writing an explanation to the  
16           Agency of Administration as to why it was unable to meet its obligation.

17           (c) Update bulletin. On or before July 1, 2025, the Secretary of  
18           Administration shall update Administrative Bulletin 5, Policy for Grant  
19           Issuance and Monitoring, with the language provided in this section.

1       Sec. 3. WORKING GROUP ON STATE GRANT PROCESSES

2           (a) Creation. There is created the Working Group on State Grant Processes  
3       for the purpose of assessing the State’s current grant awarding procedures.

4           (b) Membership. The Working Group shall be composed of the following  
5       members:

6           (1) the Secretary of Administration or designee;

7           (2) six representatives of nonprofit organizations, selected by Common  
8       Good Vermont, with at least one representative being a certified public  
9       accountant and at least one representative being a certified financial planner,

10       that within 12 months following July 1, 2024 have received a State-funded  
11       grant, as follows:

12           (A) two representatives from human service organizations;

13           (B) one representative from an arts, culture, or humanities  
14       organization; an environmental organization; or a recreational organization;

15           (C) one representative from an education organization, excluding  
16       higher education;

17           (D) one representative from a nonprofit agency that provides mental  
18       health care; and

19           (E) one representative from Common Good Vermont.

20           (3) one representative from a Vermont United Way organization,  
21       appointed by the Executive Director of the United Ways of Vermont;

1           (4) two members of the Vermont House of Representatives, appointed  
2           by the Speaker of the House;

3           (5) two members of the Vermont Senate, appointed by the Senate  
4           Committee on Committees;

5           (6) one representative of the Department of Finance and Management,  
6           appointed by the Governor; and

7           (7) one member, appointed by the Vermont League of Cities and Towns.

8           (c) Meetings.

9           (1) The Secretary of Administration or designee shall call the first  
10          meeting of the Working Group to occur on or before September 1, 2024.

11          (2) The Working Group shall select a chair from among its members at  
12          the first meeting.

13          (3) A majority of the membership shall constitute a quorum.

14          (4) The Working Group shall meet not less than eight times.

15          (5) The Chair may establish subcommittees to perform the work set  
16          forth in this section.

17          (d) Powers and duties. The Working Group shall:

18          (1) assess the State's current grant and contracting funding levels and  
19          identify cost of living or other inflationary adjustments;

20          (2) assess the impact of bridge loans and lines of credit and identify  
21          alternative mechanisms for meeting funding needs;

- 1           (3) assess grant and contracting processes and practices across State  
2           agencies and departments and identify uniform best practices;
- 3           (4) determine the specific circumstances under which funding should be  
4           reimbursable;
- 5           (5) identify the funding sources that are currently reimbursable but are  
6           not required to be and recommend solutions to improve reimbursement  
7           practices and processes;
- 8           (6) identify system improvements that would simplify grant application  
9           and reporting processes;
- 10           (7) examine ways to ensure consistency between State and federal  
11           indirect rates, including:
- 12                   (A) implementing a standard indirect rate across all State-funded  
13                   grants;
- 14                   (B) reviewing the process for nonprofit organizations to qualify for  
15                   an indirect rate above the standard rate; and
- 16                   (C) honoring federal indirect rates; and
- 17           (8) consider related issues that arise during the course of the Working  
18           Group’s duties as set forth in this section.
- 19           (e) Reporting. The Working Group shall submit a written report to the  
20           House Committee on Government Operations and Military Affairs with its

1 recommendations based on the analysis conducted pursuant to this section on  
2 or before September 1, 2025.

3 (f) Compensation and reimbursement.

4 (1) For attendance at meetings during adjournment of the General  
5 Assembly, a legislative member of the Working Group serving in the  
6 member’s capacity as a legislator shall be entitled to per diem compensation  
7 and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than  
8 eight meetings.

9 (2) Other members of the Working Group shall be entitled to per diem  
10 compensation and reimbursement of expenses as permitted under 32 V.S.A.  
11 § 1010 for not more than eight meetings.

12 (3) Payments to members of the Working Group authorized under this  
13 subsection shall be made from monies appropriated to the General Assembly.

14 (g) Expiration. The Working Group shall cease to exist on December 31,  
15 2025.

16 Sec. 4. STATE-FUNDED GRANTS; REPORT ON PROMPT EXECUTION  
17 AND PAYMENT

18 On or before November 15, 2024, the Agency of Administration shall  
19 submit a written report to the House Committee on Government Operations  
20 and Military Affairs and the Senate Committee on Government Operations  
21 analyzing and summarizing:

1           (1) the fiscal impact of implementing a nine percent interest rate on all  
2           State-funded grant payments made to grantees more than 30 days after receipt  
3           of a request for payment; and

4           (2) the reports submitted to the Agency pursuant to this act that detail  
5           when execution of a State-funded grant was delayed by more than 30 days and  
6           when a granting agency was unable to promptly pay a grantee within 30 days  
7           after a request for payment.

8           Sec. 5. EFFECTIVE DATE

9           This act shall take effect on July 1, 2024.

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(Committee vote: \_\_\_\_\_)

\_\_\_\_\_  
Representative \_\_\_\_\_  
FOR THE COMMITTEE