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H.233

Introduced by Representatives Nugent of South Burlington, Brown of  
Richmond, Carris-Duncan of Whitingham, Cina of Burlington,  
Cole of Hartford, Hooper of Burlington, Krasnow of South  
Burlington, Lalley of Shelburne, Logan of Burlington, McGill  
of Bridport, Minier of South Burlington, Mrowicki of Putney,  
Olson of Starksboro, Pouech of Hinesburg, Priestley of  
Bradford, Rachelson of Burlington, Torre of Moretown, and  
Waszazak of Barre City

Referred to Committee on

Date:

Subject: Executive; grants; funding; prompt execution and payment

Statement of purpose of bill as introduced: This bill proposes to require the  
Secretary of Administration to update Administrative Bulletin 5 to include a  
process for nonprofits to use an indirect rate higher than the de minimis rate  
and to require a State agency issuing a grant to promptly execute the grant and  
to promptly pay expenses on the grant submitted by an organization.

An act relating to requirements for State-funded grants

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. GRANT APPLICATIONS AND AGREEMENTS; INDIRECT  
3 RATES FOR NONPROFITS; BULLETIN 5

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

9 Sec. 2. PROMPT EXECUTION OF GRANT AGREEMENTS AND  
10 PROMPT PAYMENT OF GRANT FUNDS; REPORTING;  
11 BULLETIN UPDATE

12 (a) Execution of grant agreements.

13 (1) A State agency shall execute a State-funded grant agreement with an  
14 organization not later than 30 days after:

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

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

19 (2) If a granting agency is unable to execute a State-funded grant  
20 agreement pursuant to the terms set forth in subdivision (1) of this subsection,

1 the granting agency shall submit in writing an explanation to the Agency of  
2 Administration as to why it was unable to meet its obligation.

3 (b) Prompt payment.

4 (1) For all executed State-funded grant agreements, the granting agency  
5 shall pay the grantee within 30 days after receipt of a valid written request for  
6 payment from the grantee. A written request for payment from the grantee is  
7 valid if it meets the requirements in the executed grant agreement between the  
8 granting agency and grantee.

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

13 (c) Reporting. The Agency of Administration shall:

14 (1) create an online form on its website where grantees awarded State-  
15 funded grants are able to provide notice that a granting agency did not timely:

16 (A) execute a State-funded grant agreement pursuant to subdivision  
17 (a)(1) of this section; or

18 (B) pay the grantee upon receiving a valid written request for  
19 payment pursuant to subdivision (b)(1) of this section; and

1           (2) create a publicly accessible database on its website that displays all  
2           nonconfidential information submitted by grantees pursuant to subdivision (1)  
3           of this subsection.

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

7           Sec. 3. WORKING GROUP ON STATE GRANT PROCESSES

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

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

12               (1) the Secretary of Administration or designee;

13               (2) one representative of Common Good Vermont, selected by the  
14               Director of Common Good Vermont;

15               (3) two representatives, each of different nonprofit organizations,  
16               selected by the Director of Common Good Vermont, who have received a  
17               State-funded grant within 12 months of July 1, 2025;

18               (4) one member of the Vermont House of Representatives, appointed by  
19               the Speaker of the House;

20               (5) one member of the Vermont Senate, appointed by the Senate  
21               Committee on Committees; and

1           (6) one representative of the Department of Finance and Management,  
2           appointed by the Governor.

3           (c) Meetings.

4           (1) The Secretary of Administration or designee shall call the first  
5           meeting of the Working Group to occur on or before September 1, 2025.

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

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

9           (4) The Working Group shall meet not fewer than eight times.

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

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

13           (1) assess the State's current grant and contracting funding levels and  
14           determine whether the State should review cost of living or other inflationary  
15           adjustments on a regular basis;

16           (2) assess, due to delayed reimbursement from granting agencies, how  
17           the need to obtain bridge loans and lines of credit have impacted nonprofits  
18           and their ability to provide services to the State;

19           (3) assess the grant and contracting processes of the Agency of Human  
20           Services to identify best practices and areas needing improvement;

1           (4) determine how to increase the number of State-funded grants that do  
2           not require reimbursement;

3           (5) recommend solutions to improve reimbursement practices and  
4           processes of State-funded grants;

5           (6) identify system improvements that would simplify the State-funded  
6           grant application and reporting processes;

7           (7) examine ways to ensure consistency between State and federal  
8           indirect rates, including:

9                   (A) reviewing the process for nonprofit organizations to qualify for  
10                  an indirect rate above the standard rate; and

11                   (B) honoring federal indirect rates;

12           (8) analyze the impact of State-funded grants being executed more than  
13           30 days after a notice of award is issued;

14           (9) analyze the impact of agencies not paying grantees within 30 days  
15           after receiving a written request for payment on a grant; and

16           (10) consider related issues that arise during the course of the Working  
17           Group's duties as set forth in this section.

18           (e) Assistance. The Working Group shall have the administrative and  
19           technical assistance of the Joint Fiscal Office and the administrative, legal, and  
20           technical assistance of the Agency of Administration.

1        (f) Reporting. The Working Group shall submit a written report to the  
2        House Committee on Government Operations and Military Affairs and the  
3        Senate Committee on Government Operations with its recommendations based  
4        on the analysis conducted pursuant to this section on or before September 1,  
5        2026.

6        (g) Compensation and reimbursement.

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

12           (2) Other members of the Working Group shall be entitled to per diem  
13       compensation and reimbursement of expenses as permitted under 32 V.S.A.  
14       § 1010 for not more than eight meetings.

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

17        (h) Expiration. The Working Group shall cease to exist on December 31,  
18       2026.

19        Sec. 4. EFFECTIVE DATE

20        This act shall take effect on July 1, 2025.