

HB 2892 STAFF MEASURE SUMMARY

House Committee On Emergency Management, General Government, and Veterans

Action Date: 03/30/23

Action: Without recommendation as to passage and be referred to Rules.

Vote: 4-0-3-0

Yeas: 4 - Conrad, Grayber, Lewis, Tran

Exc: 3 - Dexter, Evans, Hieb

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/28, 3/30

WHAT THE MEASURE DOES:

Authorizes state granting agencies to prequalify nonprofit organizations to distribute block grants. Defines block grants as grants that do not identify a specific program area, allocation, spending target, or line items the grant funding must be spent on and allows for some or all decisions about specific expenditures to the prequalified grantee. Requires the Oregon Department of Administrative Services to adopt rules that specify application procedures, forms, content of applications, required public notice, eligibility, and other criteria for prequalification. Allows granting agencies to adopt all or a portion of the Department's model rules or adopt their own rules that comply with the requirements and criteria outlined in the measure. Confirms that prequalification is not a grant and does not entitle a nonprofit organization to a grant or any proprietary rights to grant funding. Establishes review hearings for prequalification denials and a process where a granting agency can revoke prequalification. Requires prequalifying nonprofits that are awarded block grants to report quarterly to the granting agency the use and expenditures of block grant funding. Requires the granting agency to conduct annual audits of the use of nonprofits expenditures and allows the agency to set aside grant funds for internal or contracted audits. Requires the Legislative Assembly each biennium to identify issues, needs, and priorities that are critical for the health, safety, or welfare of the residents of the state. Allows granting agencies to allocate grants to prequalified nonprofits for the issues, needs, and priorities the Legislative Assembly identifies as critical. Requires granting agencies to report annually to the Joint Legislative Audit Committee the list of nonprofit organizations that are prequalified, the nonprofits that received block grant funds, and audits completed for block grant recipients. Establishes criteria for prequalification; allows and describes a prequalification denial and appeal process. Specifies that sections 1 and 3 become operative January 1, 2024. Allows the Director of the Oregon Department of Administrative Services to adopt rules. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Prequalification process
- Comparison to Transportation Safety Administration "pre-check"

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Nonprofit agencies are organizations that qualify for tax-exempt status by the Internal Revenue Service because their mission and purpose are to further a social cause and provide a public benefit. Oregon agencies are allowed by procurement rules to grant funds to nonprofit organizations and there are no state specific laws for agency

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grantmaking. State agencies have established rules for grant processes and the use of federal grant funds for state agency grants may have specific requirements.

House Bill 2892 creates a process where state agencies can prequalify Oregon nonprofits to receive "block grant" funds. As defined, block grants would not identify specific focus areas or specific line-item allocations. Grants to prequalified nonprofit organizations would address issues, needs and priorities that are critical for the health, safety or welfare of the residents of the state, and these priorities would be established by the Legislative Assembly each biennium.