

Introduced: 6/9/81
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY MEEKINS AND BEIRNE

2 HOUSE BILL NO. 608

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing uniform administrative procedures
7 for grants to and contracts with nonprofit organiza-
8 tions; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. FINDINGS. The legislature finds that there is a need for
11 consistency and uniformity in administration of grants and contracts to
12 nonprofit organizations. The legislature further finds that nonprofit
13 organizations that receive grant or contract money from the state, for
14 programs to benefit the residents of the state, should have sound adminis-
15 trative structures including (1) a governing board, (2) a personnel system,
16 (3) an accounting system, and (4) appropriate administrative personnel.
17 These administrative costs should be allowed as indirect cost rates that may
18 be unique and individual for each nonprofit organization that receives grant
19 or contract money from the state. The indirect cost rates should be deter-
20 mined individually for each organization based on independent final audit of
21 the indirect costs for each grant or contract.

22 * Sec. 2. AS 37.05 is amended by adding a new section to read:

23 Sec. 37.05.317. ADMINISTRATIVE PROCEDURES FOR GRANTS TO AND
24 CONTRACTS WITH NONPROFIT ORGANIZATIONS. The Department of Administra-
25 tion shall

26 (1) develop uniform procedures for grants to and contracts
27 with nonprofit organizations, including

28 (A) uniform proposal application procedures;

29 (B) uniform application review requirements;

1 (C) a consistent application of cost principles for
2 nonprofit organizations;

3 (D) provisions for a consistent acceptance and payment
4 of negotiated indirect cost rates using the federal cost rate if
5 applicable or, if the federal rate is not applicable, a cost rate
6 negotiated by the state with provisions for payment of individual
7 costs based on final determination of the indirect cost properly
8 incurred as shown by a fully certified audit by an independent
9 audit firm;

10 (E) provisions for advances of grant or contract money;

11 (F) provisions for annual audits;

12 (G) requirements of annual certification of administra-
13 tive systems of the organization;

14 (H) identification and segregation of indirect costs
15 relating to each grant;

16 (2) annually examine the administrative system of nonprofit
17 organizations on request of the organization and if the system is
18 determined to be adequate for the purpose of state grants or contracts
19 certify that the organization is eligible to receive state contracts or
20 grants;

21 (3) require that each contract with or grant to a nonprofit
22 organization from a state agency provide for payment of indirect costs
23 of administration of the contract or grant at the rate established in
24 the contract.

25 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
26 070(c).