

Original sponsors: Meekins and Beirne

Offered: 2/24/82
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

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CS FOR HOUSE BILL NO. 608 (State Affairs)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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TWELFTH LEGISLATURE - SECOND SESSION

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A BILL

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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."

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

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* Section 1. FINDINGS. The legislature finds that there is a need for

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consistency and uniformity in administration of grants and contracts to

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nonprofit organizations. The legislature further finds that nonprofit organi-

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zations that receive grant or contract money from the state, for programs to

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benefit the residents of the state, should have sound administrative struc-

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tures including (1) a governing board, (2) a personnel system, (3) an account-

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ing system, and (4) appropriate administrative personnel. These administra-

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tive costs should be allowed as indirect cost rates that may be unique and

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individual for each nonprofit organization that receives grant or contract

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money from the state. The indirect cost rates should be determined indivi-

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dually for each organization based on independent final audit of the indirect

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costs for each grant or contract.

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

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Sec. 37.05.314. ADMINISTRATIVE PROCEDURES FOR GRANTS TO AND CON-

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TRACTS WITH NONPROFIT ORGANIZATIONS. (a) The Department of Administra-
25 tion shall

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(1) develop uniform procedures for grants to and contracts

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with nonprofit organizations, including

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(A) uniform proposal application procedures;

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(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 a single annual audit;

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 any non-
17 profit organization on request of the organization and if the system is
18 determined to be adequate for the purpose of state grants or contracts
19 and if the nonprofit organization is currently certified by the Depart-
20 ment of Commerce and Economic Development to be in good standing as a
21 nonprofit corporation certify that the organization is eligible to
22 receive state contracts or grants;

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

27 (b) The requirements of this section do not apply to a state
28 agency that makes grants if the agency has developed procedures consis-
29 tent with the requirements of this section, and the Department of Admin-

1 istration has reviewed those procedures and has exempted the agency from
2 the requirements. An exemption under this subsection must be renewed
3 annually based on an annual evaluation of the procedures of the state
4 agency.

5 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
6 070(c).

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