



Bill Analysis

Author: Umberg

Bill Number: SB 336

SUBJECT

Negotiated Cost Agreements

SUMMARY

This bill, under the Government Code (GOV), would require a state agency administering a grant program to use a specified method for determining reimbursement of indirect costs.

REASON FOR THE BILL

The reason for this bill is to ensure that state agencies administering grant programs compensate grantees for their indirect costs of providing services funded by grants.

ANALYSIS

This bill, under the GOV, would authorize an applicant for a grant administered by a state agency to opt, when applying for the grant, one of the specified methods to be reimbursed for its indirect costs. Unless prohibited by any other state or federal law, this bill would require a state agency administering a state grant program to use one of the following methods, as requested by the grantee, for reimbursement of indirect costs when awarding a grant, if the grantee disclosed the requested amount in their grant program application:

- 1) The grantee's negotiated indirect cost rate, pursuant to its negotiated indirect cost rate agreement;
- 2) The de minimis indirect cost rate specified in Part 200 of Title 2 of the Code of Federal Regulations; or
- 3) Either of the following:
 - a) An existing state rate, or
 - b) If the grantee does not have an existing rate, a rate proposed by the grantee in the grantee's program application with the administering state agency.

This bill would apply to any grant program administered by a state agency, regardless of whether the funding source of the grant is state funds, federal funds, or a combination thereof.

This bill would define the following terms:

- 1) "Grantee" means an applicant for a grant program that is administered by a state agency that is selected by the state agency to be awarded a grant under that program.
- 2) "Existing state rate" means a rate utilized by the grantee with a state agency within the last five years.
- 3) "Indirect costs" means those costs incurred for a common or joint purpose benefiting more than one objective, and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.
- 4) "Negotiated indirect cost rate agreement" means an agreement pursuant to Part 200 of Title 2 of the Code of Federal Regulations that is approved by the federal government.

For the purposes of calculating indirect costs and to facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs.

Effective/Operative Date

This bill would become effective and operative January 1, 2025.

Federal/State Law

Federal Law

The federal Office of Management and Budget provides regulations for government entities that enter into contracts with nonprofits for services and includes guidance for reimbursement of direct and indirect costs.

State Law

No comparable provision in state law.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

SB 1069 (Umberg, 2021/2022), similar to this provision, would have required DGS to establish a state standard negotiated cost agreement for awarding state grants to grantees that do not have an existing federal negotiated cost rate agreement. SB 1069 was held in the Assembly Appropriations Committee without further action.

PROGRAM BACKGROUND

SB 154 (Skinner, 2021/2022) authorized funding for FTB to perform outreach to create increased awareness of the California Earned Income Tax Credit (CalEITC) and the Volunteer Income Tax Assistance Program (VITA). This authorization allowed FTB to work with nonprofit and community-based organizations to perform the outreach. Under this program, the FTB has partnered with the California Department of Community Services and Development, who contracts directly with grantee organizations that provide outreach related to CalEITC and VITA.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

This bill would not significantly impact the FTB's costs.

ECONOMIC IMPACT

This bill would not impact state income or franchise tax revenue.

LEGAL IMPACT

None noted.

EQUITY IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION*Support:*

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Rural Community Assistance Corporation (Co-Sponsor)
Self-Help Enterprises (Co-Sponsor)
Amigos De Los Rios
Amity Foundation
Angelenos for Trees
Arts District Community Council LA
Bay Area Urban Forest Ecosystem Council
California Association of Nonprofits
California Coalition for Community Investment
California Coalition for Youth
California Community Economic Development Association
California Council of Community Behavioral Health Agencies
California Family Resource Association
California Partnership to End Domestic Violence
California Releaf
California Urban Forests Council
Cameo - California Association for Micro Enterprise Opportunity
Canopy
Center for Nonprofit Management
Central Coast Urban Forests Council
Child Abuse Prevention Center
Children's Bureau of Southern California
Children's Institute
Clean & Green Pomona
Climate Action Now
Community Alliance with Family Farmers
Community Bridges
Community Forest Advisory Committee
Disability Rights California
El Concilio
El Concilio of Stockton
Fresno Building Healthy Communities
Growing Together
Health Right 360
Industrial District Green
Inland Empire Community Collaborative
Inland Southern California United Way
Inland Urban Forest Council

International Society of Arboriculture Western Chapter
Koreatown Youth + Community Center
Koreatown Youth and Community Center INC.
Los Angeles Beautification Team
Los Angeles Homeless Services Authority
Los Angeles Neighborhood Land Trust
Lumber Cycle
Madera Coalition for Community Justice
Meals on Wheels California
Meals on Wheels Orange County
Nonprofit Finance Fund (NFF)
North East Trees
PATH (People Assisting the Homeless)
Sacramento Tree Foundation
Sacramento Urban Forest Council
San Diego Regional Urban Forests Council
San Francisco Estuary Institute
Santa Cruz Volunteer Center
Street Tree Seminar
Sustainable Claremont
The Climate Center
The Nature Conservancy
Tree Fresno
Treepeople
United Way California Capital Region
United Ways of California
Urban Ecos
Watsonville Wetlands Watch
Westcare California INC.
Your Childrens Trees

Opposition:

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None on file.

VOTES

Location	Date	Yes Votes	No Votes
Concurrence	August 30, 2024	40	0
Assembly Floor	August 29, 2024	75	0
Senate Floor	May 25, 2023	40	0

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