

## Contracts

- **Requires agencies to issue grant agreements within 30 days of the effective date of the grant term** and clarifies that interest penalties may apply for work conducted since the grant effective date.
- **Fringe benefits**
  - Uses federal definition: See 2 CFR 200-431. Specifies that fringe benefits are not an indirect cost. The treatment of fringe and indirect costs must be separated in the bill.
  - State agency cannot restrict amount for fringe benefits
  - State agency cannot restrict indirect costs to lower than 20% of grants agreement or federally negotiated rate, whichever is higher, unless recipient prefers lower rate
- **Administrative Costs**
  - Uses federal of administrative costs
  - A state agency **shall not restrict direct administrative costs** to lower than 20% of direct costs in the grant agreement unless the recipient prefers a lower rate
- **Prohibits states from limiting salaries charged to grants to less than the amount imposed by federal agencies**
- Clarifies **that interest may begin accruing once work begins after a grant agreement is awarded** instead of when contract is complete.
- Requires grant agreements to indicate whether interest penalties apply.
- Eliminates potential for "legacy" contracting by revising "shall" to "may under pre-qualification requirements and tying review to performance indicators rather than vaguely referring to "past performance"
- Stipulates that performance goals, indicators, and milestone reports cannot be required more than quarterly
- Updates definition of nonprofit to not-for-profit corporation of 1986
- Indexes Single Audit requirement to federal level rather than a specific amount in order to automatically adjust for changes in federal law in the future

## Payment

- **Time frame b/w when a bill is approved, and interest accrual changed from 90 to 45 days**
- **Requires state agencies to approve bills/invoices within 30 days of receipt and eliminates differential treatment of construction bills**
  - Requires comptroller & CMS to promulgate rules
- Require state agencies to confirm receipt of invoice or bill to vendor within 5 days, notify vendors of defects that prevent payment within 30 days of submission, transmit approved amount to Comptroller within 30 days, and clarifies that the vendor must be notified how to find the voucher status on the Comptroller's website within 5 days of transmission rather than "promptly"
- **Expands Prompt Payment Act eligibility to broader array of nonprofit grants and contracts**

- **State contracts must state dates on which payments will be made, whether the contract is eligible for PPA and advance payment.**
- **Require GOMB to provide training for state agencies about PPA and advance payment eligibility, how to advertise grant opportunities statewide with emphasis on underserved communities,** and Court of Claims process and jurisdiction.
- Clarifies that agencies can use any appropriated funding source to pay interest instead of limiting to GRF when BSF is insufficient or when federal funds lack authority
- Require EFT payments
- **Lapse period should be consistent and predictable year over year**
  - Extends lapse period for all expiring appropriations through 10/31 and permits state agencies to pay interest due under the Prompt Payment Act out of expiring appropriations.
- Require Catalog of State Financial Assistance to include information about prompt payment act and advanced payment eligibility
- Remove requirement for nonprofits that grant funds are held in a separate account unless advanced payments are made.

## **Court of Claims**

- Permits virtual hearings
- Diverts undisputed lapsed appropriation claims of less than \$2500 that were submitted on time from claims process
- Allows state agencies to pay claims from any appropriated funding source
- Creates online portal that tracks filed claims and claim status and allows electronic submission of claims
- Nonprofits do not have "owners" so the filing process should include the option to list trustees as defined by the Charitable Trust Act
- Sets timelines for AG action on claims.
  - Confirmation of receipt of claim with the AG within 30 days of being contacted by the AG.
  - Electronic notification to the claimant of the agency's decision and file a stipulation or motion with the Court within 30 days of the agency confirming or rejecting the claim.
- Requires state agencies to confirm or reject the veracity of a claim with the AG within 30 days of being contacted by the AG.
- Requires Court to provide electronic confirmation of receipt of claim to claimant within 30 days of receiving claim
- Requires Comptroller to issue payment for awards on claims within 30 days, subject to available appropriation
- Allows court to immediately pay claims resulting from lapsed appropriations that are less than \$100,000 and allows state agencies to use current year appropriations to pay claims less than \$2,500.
- Raises minimum claim size for fees and refunds fee when Court rules in favor of vendor
- Sets timeline for comptroller payment of claims and stipulates that agencies lose right to oppose if they do not respond within 30 days