

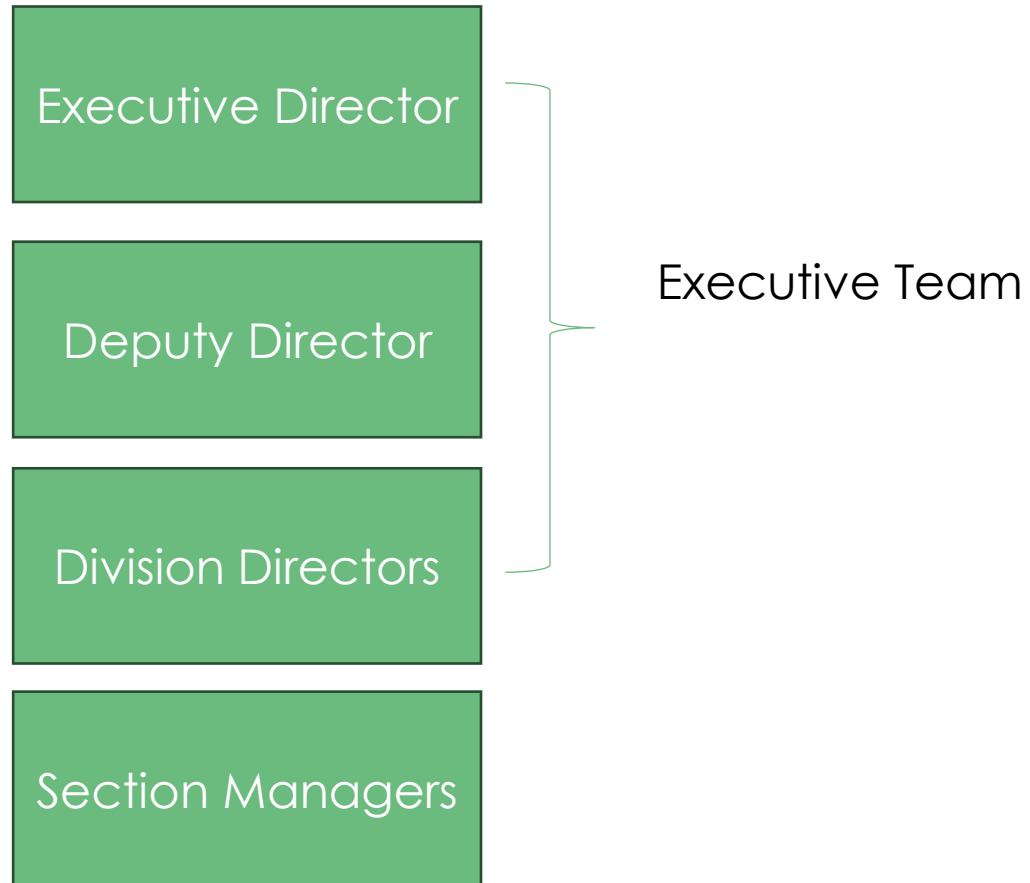
# OHCS Payment Models That Prioritize Full Cost Recovery

Task force on Modernizing Grant Funding & Contracting

January 8, 2024



# OHCS Organizational Decision-Making Structure



# Scope of Partnerships

Federally Recognized Tribes of Oregon

Community Action Agencies

Culturally Specific Organizations

Housing Authorities

Continuum of Cares

Community Development Corps

Homeownership Centers

Counties

Universities

State and Local Agencies



# Non-Profit Solicitations and Awards

SINCE JULY 1, 2023, 119 GRANT SOLICITATIONS WITH CORRESPONDING GRANT AGREEMENTS (IN PROGRESS OR COMPLETED)

OVER \$900M AWARDS TO DATE



# Grants vs. Contracts

## Contract Intent and Purpose

You need to create a formal business relationship **to achieve agency objectives by purchasing goods or services** from a vendor.

You need to dictate the terms, work, ownership, and expected performance of the good or service.

You need to hold the vendor accountable to what you define as performance expectations.

## Grant Intent and Purpose

You want to provide financial assistance **to benefit the general public by stimulating and supporting the goals and activities** of a recipient.

You need no substantial involvement in community partner activities.

Accountability to the grant agreement is defined as monitoring compliance to grant conditions.

# Reimbursement Model and Payment

OHCS's practice is to use the reimbursement model on all Grants.

Advancement of funds on contractual agreements is sometimes necessary to ensuring our funding process aligns with program/investment goals, particularly with regarding to Equity and Racial Justice and Rural Communities goals, and to allow for the execution and implementation of programs funded (specifically general and federal funds) beyond the end of the biennium.

According to OAM, agencies have 30 business days to provide payment of services/activities rendered. However, it could be several months after activities begin before Grantee requests reimbursement of funds.

General Funds must be spent on services fully rendered by June 30<sup>th</sup> of each odd year. Federal funds must be spent on services fully rendered by the end of the stated expenditure period in the award.



# Value Based Payments

OHCS's practice is to use the reimbursement model on all Grants.

However, value-based payments or advancement of grant funds is sometimes necessary to ensuring our funding process aligns with program/investment goals, particularly with regarding to Equity and Racial Justice and Rural Communities goals.

Continuum of Cares and Federally Recognized Tribes do receive advancement of grant funds.



# Contract Administration Training

On January 1, 2016, HB 2375 (2015) was adopted into law under ORS 279A. This law established procurement standards for agency Directors, Contract Administrators, and Procurement Professionals.

Under the law, any person managing a contract must take the DAS Contract Administration training offered through Workday. The training consists of 11 courses and each course closes out with a test. All 11 courses must be completed, and tests passed to receive the Contract Administration Training Certificate.

Although Grants are not part of the Public Contracting Code, OHCS adopted this law for all Procurements conducted over \$150,000, which includes Grants.





# Grantee Training

OHCS provides a pre-solicitation meeting to allow new Grantees an opportunity to ask questions regarding the requirements of receiving grant funds.

After award, program may deliver a “kick-off” meeting that includes review of the applicable program guidance, allowable costs, payment timeline and process, and closeout of grant.



# Admin / Indirect Cost Policies

OHCS honors the Negotiated Indirect Cost Rate Agreement (NICRA) provided by Grantee. We often hear from Grantees that it cost more to run a program that they're provided for admin, and when allowed, OHCS will provide up to 15% admin depending on the funding source awarded.

OHCS typically provides a 10% admin rate, unless a federal award directs otherwise. The only cases where OHCS does not provide admin is in a legislative allocation where admin was not granted.

OHCS does take into account services vs. data collection. In most cases, data collection is broken out as a separate service/activity in the Grant approved budget.

Program guidance is developed for each program and can vary based on funding source terms and conditions (federal awards), and outcomes required by the legislature (general funds). All funding sources have allowable uses, and fiscal and program monitoring ensures funds are used in accordance with program guidance and terms of the award. This can vary between programs and funding sources.



# Payment Structure and Schedules

The intent of grant funding often drives the determination of payment disbursement. Some General Fund is directed to go out in lump sum payments or are considered “pass-through” funds. Federal funds are typically reimbursement based which requires documentation of funds spent at reimbursement request.

OHCS will typically follow federal requirements (the strictest) for general fund programs in that the immediate need must be demonstrated for advancing any funds and some type of analysis substantiating the amount must be provided.

OHCS processes fund requests weekly. If the fund request has been reviewed by appropriate channels and contains the needed documentation that substantiates request, the request will be processed within that same week.

Because OHCS funds payments once a week, grantees are aware of the funding cadence and will elevate any requests that may have stalled. One of our current grant systems has an external facing portal so grantees are aware of the current status of their request and our accounting team is able to run reports showing any outstanding or delayed request.



# Contract Adjustments (Amendments)

Contractual documents may be amended over time for reasons including, but not limited to, time extensions, compensation increases, change in reporting requirements, and budget changes.

OHCS contractual templates are often reviewed by DOJ for legal sufficiency. That review may include updates to various laws, rules, or best practices.

OHCS contracts vary from annual to multi-year activity. Our typical award period can run from 2-5 years, depending on funding source.

OHCS contractual documents have a clause that allows us to extend funding period between biennia based on availability of funding:

“Funds specified in the Consideration section of this Agreement or otherwise may include funds that have not yet been appropriated but which Agency anticipates receiving for use in funding this Agreement and their identification herein is not a guarantee that Grantee will receive any or all such funds.”



# Recommendations

Many different Agreement templates being used statewide, lets condense and have one basic template that captures required terms and conditions based on entity type: tribal, non-profit, governmental.

Adoption of an enterprise-wide Grant Management System.

More guidance on the grant award process – rather than have each agency design its own process, adopt an enterprise-wide approach.