
Appropriations Committee

HB 2587

Brief Description: Establishing a pilot program to advance funds to nonprofits to support grant performance.

Sponsors: Representatives Cortes, Reed, Parshley, Santos, Goodman, Obras, Peterson, Fosse, Thomas, Stearns, Pollet, Ryu, Nance, Timmons, Salahuddin and Hill.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Establishes a pilot program at the Department of Commerce to provide advance funds to eligible grant recipients.
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Hearing Date: 2/2/26

Staff: Jessica Van Horne (786-7288).

Background:

State Contracting.

State agencies must abide by certain standards when entering into grants or contracts for goods and services on behalf of the state. Among other requirements, state agencies must generally make payments to contractors for goods and services on a reimbursement basis. State agencies must also generally use performance-based contracts, which identify expected deliverables and performance measures or outcomes of a given contract. Payment under performance-based contracts is contingent on the contractor achieving performance outcomes.

Department of Commerce.

The Department of Commerce (Commerce) administers many grants and contracts to promote community and economic development. Services and activities for which Commerce may award a grant or contract include, but are not limited to: housing and support services for individuals

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and families who are homeless or at risk of homelessness; services for victims of crimes; energy assistance for low-income households; and small business assistance. Recipients may include local governments, tribes, community organizations, and nonprofits.

Summary of Bill:

A pilot program is established at the Department of Commerce (Commerce) to provide advance funding to eligible grant recipients who have demonstrated the need for such funding in order to fulfill the work required under the grant. To be eligible for advance funding, a grant recipient must:

- Be a nonprofit;
- Have been awarded a grant by Commerce within six months;
- Have performed satisfactorily under any grant received from Commerce within the preceding 10 years;
- Have been in the business for which the grant was received for a minimum of three years; and
- The grant for which the recipient is receiving advance funding must be to protect public health, protect public safety, promote public welfare, or provide a benefit to the state.

Commerce must prioritize applicants with an average annual budget of less than \$5,000,000.

An advance fund payment made through the pilot program is one-time and limited to no more than 25 percent of the grant award or \$200,000, whichever is less. The amount of the advance fund payment must be deducted from the total grant awarded to the recipient. An enforceable contract that protects the interests of the state must be fully executed before any advance fund payments are made to a recipient.

By September 1, 2028, Commerce must submit a report to the Legislature and the Governor that includes: an evaluation of the pilot program that includes outcome data for program participants; recommendations on whether to continue the pilot program; recommendations for improving or expanding the pilot program; and recommendations for implementing an advanced funding program through performance-based contracts.

The pilot program expires June 30, 2029.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.