

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Pavel Payano

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act enhancing the effectiveness of nonprofits’ core mission work through full cost funding.

PETITION OF:

NAME:

Pavel Payano

DISTRICT/ADDRESS:

First Essex

SENATE No.

[Pin Slip]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act enhancing the effectiveness of nonprofits’ core mission work through full cost funding.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Notwithstanding any special or general laws to the contrary, Chapter 29 of the General
2 Laws is hereby amended by inserting after section 6B the following section:-

3 Section 6BB. (a) For the purposes of this section, the following words shall have the
4 following definitions, unless the context clearly requires otherwise:

5 “Indirect costs” means any costs that would be considered to be indirect costs under 2
6 C.F.R. 200.414 OMB uniform guidance.

7 “NICRA” means a Negotiated Indirect Cost Rate Agreement that reflects an indirect cost
8 rate negotiated between the federal government and a grant or contract awardee, which is used to
9 calculate an awardee’s compensation by federal agencies for indirect costs.

10 “Nonprofit organization” means an organization that is tax exempt under § 501(c)(3), (4),
11 or (6) of the internal revenue code.

12 “OMB uniform guidance” means the uniform administrative requirements, cost
13 principles, and audit requirements for federal awards adopted by the office of management and
14 budget in 2 C.F.R. 200 and any related guidance published by the office of management and
15 budget.

16 (b) If a nonprofit organization is a direct recipient or subrecipient of a grant or contract
17 for the provision of services that is funded either wholly with state funds or with a combination
18 of state and other non-federal funds, the terms of the grant or contract shall allow for
19 reimbursement of indirect costs:

20 (1) at the same rate the nonprofit organization has negotiated and received for a NICRA
21 under a direct federal award, providing the current rate is unexpired; and

22 (2) if the nonprofit organization has not negotiated and received an indirect cost rate
23 described in item (a) of this subsection:

24 (i) at a rate of at least 15% of the costs that would be considered modified total direct
25 costs under OMB uniform guidance,

26 (ii) by negotiating a new percentage indirect cost rate with the Executive Office of
27 Administration and Finance per guidelines established by the Secretary of the Executive Office
28 of Administration and Finance.

29 (c) This section applies whether or not the funds awarded through the grant or contract
30 are transferred directly by the state or through a third party to the nonprofit organization.