

STATE GRANT PREAPPROVAL PROCESSES

Senate Concurrent Resolution No. 4050 (1999) directs the Legislative Council to study the feasibility and desirability of implementing a grant preapproval process for every state agency except institutions of higher education. The Legislative Council has assigned this study to the Budget Section, which at its June 9, 1999, meeting adopted a study plan that included a review of grant preapproval processes used in other states. Pursuant to the committee's action, a survey was sent to all 50 states and the District of Columbia to gather information on preapproval processes used. Of the 46 responses to the survey, seven states (California, Connecticut, Delaware, Illinois, Oregon, Wisconsin, and Wyoming) utilize a preapproval process for grants.

CALIFORNIA

The preapproval process used in California applies to all federal grants except those dealing with highways. The preapproval process was implemented in 1949. The preapproval is granted by the executive branch agency, the Department of Finance. The criteria used to evaluate grant applications are not set in statute.

In California, the Department of Finance has issued a policy that "delegates" to state agencies the responsibility to preapprove grant applications from departments within each agency except in the following situations where the Department of Finance retains preapproval authority:

1. New activities not included in the budget.
2. Activities that have been previously denied by the administration or the legislature.
3. Sensitive policy issues.

CONNECTICUT

The preapproval process used in Connecticut applies to all federal and private grants except fundraising from private sources by higher education institutions. All state agencies are subject to the preapproval requirements. The preapproval process was implemented in 1997. The preapproval is granted by the executive branch agency, the Office of Policy and Management. The criteria used to evaluate grant applications are not set in statute but include:

1. Consistency with the Governor's policies.
2. Fiscal implications for the state.

State agencies must submit a "notification of intent to apply for federal assistance or private grant funding" at least 30 days prior to the application deadline. The Office of Policy and Management is not statutorily provided with the authority to disapprove an application but is given the authority to prohibit the

agency from spending the funds if they are applied for and received against the wishes of the Office of Policy and Management.

DELAWARE

The preapproval process used in Delaware applies to all federal and private grants and all state agencies are subject to the preapproval requirements. The preapproval process was implemented in the early 1980s. The preapproval is granted by the Clearinghouse Committee, which consists of 10 members, six legislators and four executive branch members. The criteria used to evaluate grant applications are not set in statute but include:

1. The number of new positions required.
2. The impact on general fund expenditures.
3. Space requirements.
4. Purpose of program.

ILLINOIS

The preapproval process used in Illinois applies to all federal grants received by executive branch agencies under the control of the Governor. Higher education, judicial agencies, legislative agencies, and other elected officials are excluded. The preapproval process was implemented in 1981. The preapproval is granted by the executive branch agency, the Bureau of the Budget. Federal grant applications must be forwarded to the Bureau of the Budget at least 45 days prior to the application deadline.

The criteria used to evaluate grant applications are set in statute and include:

1. Direct and indirect costs.
2. Duration of program.
3. Possible costs to the state after termination of the federal assistance.
4. Purpose of the program.

OREGON

The preapproval process used in Oregon applies to all federal grants except those received by institutions of higher education. The preapproval process was implemented in 1973. The preapproval is granted by the Joint Committee on Ways and Means or the Emergency Board, both of which are composed of legislative members. If the Legislative Assembly is in session, the grant application must be submitted to the Joint Committee on Ways and Means. If the Legislative Assembly is not in session, the grant application must be submitted to the Emergency Board. Grant applications must be submitted four weeks prior to the committee or board meeting date.

The criteria used to evaluate grant applications are not set in statute but include:

1. State match requirements.
2. Maintenance of effort requirements.
3. Relationship to other state programs.
4. Desirability of program.

WISCONSIN

The preapproval process used in Wisconsin applies to all federal grants that require the submission of a budget, plan, application, or project proposal to the granting federal agency. All state agencies are subject to the preapproval requirements. The preapproval is granted by the Governor's office. The criteria used to evaluate grant applications are not set in statute but include:

1. State match requirements.
2. Appropriateness of the grant.
3. Possible costs to the state after termination of the federal assistance.

WYOMING

The preapproval process used in Wyoming applies to all federal and private grants. All state agencies whose administrators are appointed by the Governor are subject to the preapproval requirements. The preapproval process was implemented in 1983. The preapproval is granted by the executive branch agency, the Department of Administration and Information. The criteria used to evaluate grant applications are not set in statute but are specified in a policy issued by the department and include:

1. An assessment of the benefit of the program to the people of the state.
2. New positions required.
3. Long-range impact on state tax revenues.

SUMMARY

Of the seven states that utilize a grant preapproval process:

- Five states utilize an executive branch agency or office to grant the preapproval (California, Connecticut, Illinois, Wisconsin, and Wyoming), and two states utilize a legislative committee or a committee including legislative and executive branch members to grant the preapproval (Delaware and Oregon).
- Three states subject all state agencies and institutions to the preapproval requirement (Connecticut, Delaware, and Wisconsin), one state excludes only higher education institutions (Oregon), one state excludes only agencies dealing with highways (California), and two states exclude all agencies and institutions not under the direct control of the Governor (Illinois and Wyoming).
- Three states require preapproval for federal and private grants (Connecticut, Delaware, and Wyoming), and four states require preapproval for only federal grants (California, Illinois, Oregon, and Wisconsin).

Specific information on the preapproval process used in each state is included in Appendix A. The related statutes from each of the seven states are attached as follows:

State	Appendix
California	B
Connecticut	C
Delaware	D
Illinois	E
Oregon	F
Wisconsin	G
Wyoming	H

ATTACH:8

	California ¹	Connecticut ²	Delaware ⁴	Illinois ⁵	Oregon ⁶	Wisconsin	Wyoming ⁷
Are all federal funds appropriated?	Yes	No ³	No	Yes	Yes	Yes	Yes
Are all other grants appropriated?	Yes	No	No	Yes	Yes	Yes	Yes
Preapproval only required for grants that were unappropriated or unanticipated during the legislative session?	No	No	Yes	No	Yes	No	No
Name of the agency that grants the preapproval	Department of Finance (executive branch)	Office of Policy and Management (executive branch)	Clearinghouse Committee (legislative and executive members)	Bureau of the Budget (executive branch)	Joint Committee on Ways and Means (legislative members)/Emergency Board (legislative members) ⁶	Governor's office	Department of Administration and Information (executive branch)
Agencies subject to preapproval requirement	All agencies except those dealing with highways ¹	All agencies	All agencies	Executive branch agencies under control of the Governor. Higher education, judicial agencies, legislative agencies, and other elected officials are excluded.	All agencies except higher education institutions	All agencies	All agencies whose administrators are appointed by the Governor
Grants subject to preapproval requirement	All federal grants except those dealing with highways	All grants except fundraising from private sources by higher education institutions	All federal and private grants	All federal grants received by executive branch agencies under control of the Governor	All federal grants except those received by institutions of higher education	Federal grants that require the submission of a budget, plan, application, or project proposal to the granting federal agency	All federal and private grants
Year in which preapproval process was implemented	1949	1997	Early 1980s	1981	1973	Unknown	1983
Percentage of grants declined or modified through the process	Unknown	Unknown	Less than 1%	Less than 1%	Less than 5%	Unknown	Less than 1%
Criteria used to evaluate grants	Unknown, not specified in statute	Not specified in statute but include: 1. Consistency with Governor's policies 2. Fiscal implications for the state	Not specified in statute but include: 1. New positions required 2. Impact on general fund expenditures 3. Space requirements 4. Purpose of program	Specified in statute, include: 1. Direct and indirect costs 2. Duration of program 3. Possible costs to the state after termination of the federal assistance 4. Purpose of the program	Not specified in statute but include: 1. State match requirements 2. Maintenance of effort requirements 3. Relationship to other state programs 4. Desirability of program	Not specified in statute but include: 1. State match requirements 2. Appropriateness of the grant 3. Possible costs to the state after termination of the federal assistance	Specified in policy, include: 1. Assessment of the benefit of the program to the people of the state 2. New positions required 3. Long-range impact on state tax revenues
Effectiveness of preapproval process in providing oversight of grant application process	Somewhat effective	Somewhat effective	Very effective	Very effective	Somewhat effective	Unknown	Very effective

¹ California - The Department of Finance has issued a policy that "delegates" to state agencies the responsibility to preapprove grant applications from departments within each agency except in the following situations where the Department of Finance retains preapproval authority:

1. New activities not included in the budget.
2. Activities that have been previously denied by the administration or the legislature.
3. Sensitive policy issues.

The Department of Finance policy provides that requests for federal funds which can be anticipated should be included as part of the departmental budget request. Applications required to be submitted to the Department of Finance must be submitted at least 10 days prior to the federal deadline for application.

² Connecticut - State agencies must submit a "notification of intent to apply for federal assistance or private grant funding" to the Office of Policy and Management, an executive branch agency. The notification must be submitted at least 30 days prior to the application deadline.

The notification is reviewed by the Office of Policy and Management and discussed with agency staff if there are concerns about the application. The Office of Policy and Management is not statutorily provided with the authority to disapprove the application but is given the authority to prohibit the agency from spending the funds if they are applied for and received against the wishes of the Office of Policy and Management.

³ Connecticut - Only federal temporary assistance for needy families (TANF) and child care and development block grant funds are appropriated.

⁴ Delaware - The Clearinghouse Committee consists of 10 members (six legislators and four executive branch members) and meets monthly to review approximately 50 to 90 grant applications submitted by state agencies and local school districts. Analysts from the Office of the Budget review the grant applications and make a recommendation on each grant. The analyst recommendations are sent to committee members prior to the meeting.

⁵ Illinois - Federal grant applications are forwarded to the Bureau of the Budget, an executive branch agency, at least 45 days prior to the application deadline. The director of the Bureau of the Budget has the authority to approve or disapprove the grant application.

⁶ Oregon - If the Legislative Assembly is in session, the grant application must be submitted to the Joint Committee on Ways and Means for its review. If the Legislative Assembly is not in session, the grant application must be submitted to the Emergency Board. If the grant application is disapproved by either of these entities, it may not be submitted. Grant applications must be submitted for review four weeks prior to the committee or board meeting date.

⁷ Wyoming - All agencies with an administrator appointed by the Governor must receive the Governor's approval before applying for any federal or private grant. Policies issued by the Department of Administration and Information provide that the approval is required for:

1. New or unappropriated federal grants.
2. Significant expansions of existing programs or grants.
3. Grants that require additional state employee positions as a condition of receiving the funds.
4. Amendments to appropriated federal programs that would change the scope of the original appropriation.

13326. Every state agency, when making requests or preparing budgets to be submitted to the Federal Government for funds, equipment, material or services, other than for highway purposes, shall, upon completion of such request or budget, first submit it to the department. The department shall have authority to approve, disapprove, modify, or amend any such request or budget before it is submitted to the proper federal authority.

(e) The secretary shall require that notice be given to him of all applications for federal financial assistance or for any gift, contribution, income from trust funds, or other aid from any private source submitted by the state, or any agency thereof, authorities and development agencies. The secretary may require that notice be given him of all applications for federal financial assistance submitted by municipalities or any agency thereof. The secretary may require that any notice of application for federal financial assistance be accompanied by an urban impact statement, on a form furnished by said secretary, indicating that the project or program for which such application is being made has been reviewed in accordance with the goals set forth in section 4-66b. Ongoing fund-raising from any private source by an institution of higher education shall not constitute an application under the terms of this section.

§ 7601. State Clearinghouse Committee.

There is hereby established the Delaware State Clearinghouse Committee for federal grant and nonfederal grant coordination. The Committee shall consist of the Chairperson and the Vice Chairperson of the Joint Finance Committee, who shall serve as the Chairperson and the Vice Chairperson, respectively, of the Clearinghouse Committee, the Controller General, the Budget Director, the Director of the Delaware Economic Development Office, the Secretary of Finance, and 4 members of the General Assembly, as follows: One member appointed by the President Pro Tempore and 1 member appointed by the Minority Leader of the Senate; and 1 member appointed by the Speaker of the House and 1 member appointed by the Minority Leader of the House of Representatives. The Budget Director shall function as the Secretary of the Committee, and the Office of the Budget shall provide the necessary staff support. The Office of Controller General shall provide staff support to the Committee, as required by the Chairperson or the Vice Chairperson. The members of the Committee shall serve until their successors are selected.

(61 Del. Laws, c. 116, § 75; 61 Del. Laws, c. 409, § 10; 63 Del. Laws, c. 191, § 3(a); 63 Del. Laws, c. 279, § 5; 69 Del. Laws, c. 458, § 1; 70 Del. Laws, c. 186, § 1.)

§ 7602. Powers, duties and functions of Committee.

The Clearinghouse Committee shall:

- (1) Establish state goals and objectives for maximizing the utilization of federal aid and nonfederal aid programs.
- (2) Promulgate procedures and guidelines for all state departments, agencies, public and higher education covering applications for federal grants and nonfederal grants.
- (3) Require, upon request, any state department, agency, public and higher education receiving a grant of money from the federal government or a nonfederal grant to submit a detailed report to members of the Committee of expenditures and program measures for the fiscal period in question. Such report shall also be sufficiently descriptive in nature so as to be concise and informative. The Committee may cause the agency submitting such a report to appear before the Committee and to answer such questions as the Committee may require.
- (4) Meet as often as it is deemed necessary by the Chairperson of the Committee for the purpose of establishing policy, reviewing and approving or disapproving applications for federal and nonfederal grants.

(61 Del. Laws, c. 116, § 75; 61 Del. Laws, c. 409, § 10; 63 Del. Laws, c. 279, § 5; 70 Del. Laws, c. 186, § 1.)

§ 7603. Submission of plans and applications.

Prior to submitting state or local plan(s) or application(s) to federal or nonfederal authorities for the purpose of receiving funds such plan(s) or application(s) shall be submitted to the Office of the Budget Director for review and approval or disapproval by the Committee. Copies of plans and

applications shall be provided to the chairperson of the appropriate legislative standing committee in each House of the General Assembly for the chairperson's review. The chairperson of the legislative standing committee may submit comments on such plans and applications to the Delaware State Clearinghouse Committee. This section shall apply to:

- (1) All state departments and agencies, including agencies of public and higher education, receiving funds pursuant to the annual Budget Appropriation Act; and
- (2) Any other agency or entity, whether public or private, including political subdivisions of the State, receiving state funds to be used in part or in total as match for receiving federal or nonfederal funds or which through the receipt and expenditure of federal or nonfederal funds impact state expenditures.

(61 Del. Laws, c. 116, § 75; 61 Del. Laws, c. 409, § 10; 62 Del. Laws, c. 68, § 87; 63 Del. Laws, c. 191, § 3(b); 63 Del. Laws, c. 279, § 5; 70 Del. Laws, c. 186, § 1.)

§ 7604. Required public hearing on applications for block grants.

(a) The Delaware State Clearinghouse Committee shall be the designated Committee to hold any required public hearing on an application for a block grant from the federal government for the following purposes:

- (1) To permit public examination of the projected use and distribution of block grant funds;
- (2) To allow affected residents of the State or appropriate units of local government to examine the application and submit comments; and
- (3) To obtain views of residents of the State.

(b) The public hearing may, at the Committee's discretion, be held at the same time the agency's application for block grant funds is reviewed, approved or disapproved by the Committee. Notice of a public hearing shall be given, in addition to such other methods as the Committee may determine, by publication in a newspaper of general circulation in this State at least 10 days preceding the date of said public hearing, except where a longer period is expressly provided by applicable law. The notice shall state the date, time and place of the public hearing and specify the matters to be considered thereat.

(63 Del. Laws, c. 279, § 5.)

(20 ILCS 3005/5.1)

Sec. 5.1. Under such regulations as the Governor may prescribe, every State agency, other than State colleges and universities, agencies of legislative and judicial branches of State government, and elected State executive officers not including the Governor, shall file with the Illinois Commission on Intergovernmental Cooperation all applications for federal grants, contracts and agreements. The Commission on Intergovernmental Cooperation shall immediately forward all such materials to the Bureau for the Bureau's approval. Any application for federal funds which has not received Bureau approval shall be considered void and any funds received as a result of such application shall be returned to the federal government before they are spent. Each State agency subject to this Section shall, at least 45 days before submitting its application to the federal agency, report in detail to the Commission on Intergovernmental Cooperation what the grant is intended to accomplish and the specific plans for spending the federal dollars received pursuant to the grant. The Commission on Intergovernmental Cooperation shall immediately forward such materials to the Bureau. The Bureau may approve the submission of an application to the federal agency in less than 45 days after its receipt by the Bureau when the Bureau determines that the circumstances require an expedited application. Such reports of applications and plans of expenditure shall include but shall not be limited to:

- (1) an estimate of both the direct and indirect costs in non-federal revenues of participation in the federal program;
- (2) the probable length of duration of the program, a schedule of fund receipts and an estimate of the cost to the State of maintaining the program if and when the federal financial assistance or grant is terminated;
- (3) a list of State or local agencies utilizing the financial assistance as direct recipients or subgrantees;
- (4) a description of each program proposed to be funded by the financial assistance or grant; and
- (5) a description of any financial, program or planning commitment on the part of the State required by the federal government as a requirement for receipt of the financial assistance or grant.

All State agencies subject to this Section shall immediately file with the Illinois Commission on Intergovernmental Cooperation, any awards of federal funds and any and all changes in the programs, in awards, in program duration, in schedule of fund receipts, and in estimated costs to the State of maintaining the program if and when federal assistance is terminated, or in direct and indirect costs, of any grant under which they are or expect to be receiving federal funds. The Commission on Intergovernmental Cooperation shall immediately forward such materials to the Bureau.

The Bureau in cooperation with the Commission on Intergovernmental Cooperation shall develop standard forms and a system of identifying numbers for the applications and reports required by this Section. Upon receipt from the State agencies of each application and report, the Commission shall promptly designate the appropriate identifying number therefor and communicate such number to the respective State agency, the Comptroller and the Bureau.

Each State agency subject to this Section shall include in each report to the Comptroller of the receipt of federal funds the identifying number applicable to the grant under which such funds are received.

(Source: P.A. 87-961.)

291.375 Legislative review of applications for federal financial assistance; submission, approval required; exemptions. (1) Prior to the submission of any application for financial assistance or grants from the United States or any agency thereof by or on behalf of any agency of this state, the application must be submitted for legislative review in the following manner:

(a) If the application is to be submitted to the Federal Government when the Legislative Assembly is in session, the application shall be submitted to the Joint Committee on Ways and Means for review.

(b) If the application is to be submitted to the Federal Government when the Legislative Assembly is not in session, the application shall be submitted to the Emergency Board for review.

(2) If the legislative agency authorized under subsection (1) of this section to review applications described therein approves the application, it may be submitted to the appropriate federal agency. If the legislative agency disapproves of the application, it shall not be submitted to any federal agency unless it is or can be modified to meet the objections of the legislative agency.

(3) Notwithstanding subsection (1) of this section, the Joint Committee on Ways and Means and the Emergency Board may exempt any state agency from the requirements of this section. Project grants for departmental research, organized activities related to instruction, sponsored research or other sponsored programs carried on within the Department of Higher Education, for which no biennial expenditure limitations have been established, are exempt from the requirements of this section.

(4) The review required by this section is in addition to and not in lieu of the requirements of ORS 293.550. [1973 c.44 s.1]

16.54(5)

(5) Whenever any agency of the federal government shall require that as a condition to obtaining federal aid the state agency entrusted with the administration of such aid shall submit a budget, plan, application, or other project proposal, then the budget, plan, application or proposal shall, before it is submitted to the federal authorities for approval, first be approved by the governor and reported to the joint committee on finance.

9-1-208. Prior approval of governor required.

(a) No state department, board, commission or agency whose director, board or commission members are appointed by the governor shall, without prior approval of the governor:

- (i) Apply for federal funds or private endowment funds;
- (ii) Contract with the federal government or any private association;
- (iii) Effectuate and put into force any plan.