

A Bill

SENATE BILL 491

By: Joint Budget Committee

For An Act To Be Entitled

1 "AN ACT TO PROVIDE FOR THE ADMINISTRATION OF THE REVIEW
2 OF APPLICATIONS FOR FEDERAL GRANTS; TO PROVIDE FOR THE
3 ADMINISTRATION OF INDIRECT COST REIMBURSEMENTS RESULTING
4 FROM STATE ADMINISTRATION OF FEDERAL PROGRAMS; AND FOR
5 OTHER PURPOSES."

6
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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9 SECTION 1. It is hereby found and determined by the General Assembly
10 that all governmental units, various non-governmental organizations and
11 the general public in the State of Arkansas should have the opportunity to
12 review and comment upon applications for federal funding assistance. The
13 General Assembly further finds that it is desirable that the State of
14 Arkansas pursue the utilization of indirect cost reimbursements available
15 to State agencies from the various federal agencies. It is further found
16 that the State should cooperate with the federal government in the
17 development and utilization of inter-governmental information exchange
18 programs which may be of benefit to the State of Arkansas; and to utilize
19 any available federal assistance funds for the furtherance of the purposes
20 of this Act.
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22 SECTION 2. For the purposes of this Act, the following items shall
23 have the meanings hereinafter prescribed to them unless the context clearly
24 indicates otherwise.
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26 (1) "Office of Intergovernmental Services" is an organizational unit
27 within the Management Services Division of the Department of Finance and
28 Administration.

29 (2) Executive Order 12372, "Intergovernmental Review of Federal
30 Programs", is an instrument signed and placed into effect by the President
31 of the United States on July 14, 1982.

32 (3) "Federal Funding Assistance" means financial aid available from

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1 the various federal government agencies to units of state and local
2 governments as well as to private-for-profit and private non-profit
3 organizations.

4 (4) "Review and Comment" means the process by which any unit of
5 government, organization or individual may request to review and provide
6 comments upon any application for federal funding assistance, as limited
7 by other sections of this Act.

8 (5) "State Clearinghouse" means that section of the Office of
9 Intergovernmental Services which is designated as the governmental unit
10 responsible for coordinating the review of applications for federal funding
11 assistance, pursuant to Executive Order 12372, and other provisions of
12 this Act.

13 (6) "Indirect Cost Reimbursements" means the reimbursement by a
14 federal agency to agencies of State government for the costs incurred which
15 are necessary for the efficient conduct of a federal grant or contract, as
16 stated in Office of Management and Budget Circular A-87, "A Guide for State
17 and Local Government Agencies--Cost Principles and Procedures for establish-
18 ing Cost Allocations Plans and Indirect Cost Rates for Grants and Contracts
19 With the Federal Government".

20 (7) "Revenue Sharing" means payments to units of local government as
21 authorized by the State and Local Fiscal Assistance Act of 1972, as amended.
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23 SECTION 3. The Office of Intergovernmental Services within the
24 Management Services Division of the Department of Finance and Administration
25 shall be responsible for carrying out the duties and responsibilities of
26 this Act.

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28 SECTION 4. FEDERAL GRANTS, AIDS AND REIMBURSEMENT PROCEDURES.

29 (1) REQUESTS FOR FEDERAL GRANTS. All formal applications for federal
30 funds for grants, aids and reimbursements originated by a State agency,
31 board, commission, department or institution shall be submitted to the
32 Department of Finance and Administration prior to their submission to the
33 granting source. Such applications shall include, in a manner prescribed
34 by the Director of the Department of Finance and Administration, a summary
35 of the proposed project. The summary will include the Indirect Cost Rate
36 of the applicant agency, together with a projection of funds to be received

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1 as indirect cost reimbursement. The Department of Finance and Administration
2 shall file with the Bureau of Legislative Research of the Arkansas
3 Legislative Council a summary of these applications for their review.

4 (2) PRELIMINARY PROPOSALS. Preliminary, or pre-application, or
5 informal proposals which may eventually result in a commitment of personnel,
6 space, facilities or State funds shall be submitted to the Department of
7 Finance and Administration at the time it is submitted to the federal
8 granting agency. In order to eliminate overlap, inefficiency or a violation
9 of legislative intent, the Director of the Department of Finance and
10 Administration may require a review of the proposal, soliciting comment from
11 other agencies who might be affected, and may require the suspension of
12 negotiations until such review is completed. Provided that the provisions
13 of this subsection shall not be applicable to institutions of higher
14 education. However, a copy of such preliminary proposals shall be submitted
15 to the Department of Finance and Administration for the information of
16 said Department.

17 (3) PROCEDURAL REQUIREMENTS. The Department of Finance and
18 Administration shall prescribe procedures relative to preliminary proposals
19 and formal applications for federal grants, aids and reimbursements.

20 (4) RECEIPT OF FUNDS. When any State agency, department, board,
21 commission or institution receives notification of an award of any federal
22 funds, grants, aids or reimbursements, including unsolicited funds, the
23 Department of Finance and Administration shall be notified on forms to be
24 prescribed by the Director of said Department. Included on such forms will
25 be a section to report payments from federal funds for indirect cost
26 reimbursements resulting from (1) overhead costs of the agency, board,
27 commission, department or institution, and (2) overhead costs of State
28 central services allocated to that agency, board, commission, department
29 or institution through the State of Arkansas Consolidated State-Wide Cost
30 Allocation Plan. The Department of Finance and Administration will provide
31 the Bureau of Legislative Research of the Arkansas Legislative Council a
32 summary of such notifications for their review.

33 (5) STATE CLEARINGHOUSE. The Office of Intergovernmental Services of
34 the Department of Finance and Administration is to function as the State
35 Clearinghouse for coordinating the review and comment process relative to
36 applications for federal funding assistance under the provisions of

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1 Executive Order 12372, and other provisions of this Act. The Department of
2 Finance and Administration shall be responsible, in consultation with State
3 and local elected officials, for developing procedures to implement the
4 review and comment process for applications for federal funding assistance.
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6 SECTION 5. INDIRECT COST REIMBURSEMENTS. The Office of Intergovern-
7 mental Services shall be responsible for preparation of the Consolidated
8 Statewide Cost Allocation Plan for the allocation of State central service
9 overhead costs to the various State agencies, according to the provisions of
10 OMB Circular A-87. The Office shall also: (1) prepare indirect cost rate
11 proposals on behalf of the State agencies, or (2) provide assistance as
12 necessary to State agencies who prepare their own indirect cost rate
13 proposals. The Office shall be authorized to negotiate with the appropriate
14 federal authorities the statewide cost allocations, and any agency
15 indirect cost rate proposals prepared by the Office of Intergovernmental
16 Services. All agencies which are required to utilized indirect cost rates
17 according to the provisions of this Act shall submit a copy of its indirect
18 cost rate proposal to the Department of Finance and Administration, and
19 also a copy of its indirect cost rate agreement after the cognizant federal
20 agency has approved the rate proposal.
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22 SECTION 6. UTILIZATION OF INDIRECT COST RATES. All agencies, boards,
23 commissions, departments and institutions which receive, or have a
24 reasonable potential for receiving federal funds shall develop and have
25 approved an indirect cost rate, and apply such rate to any application for
26 federal funds. Such indirect cost rates shall utilize central service costs
27 allocated through the State of Arkansas Consolidated State-Wide Cost
28 Allocation Plan. That proportion of funds received from a federal agency
29 as indirect cost reimbursement which is attributable to the State agency's
30 indirect cost allocation from the Consolidated State-Wide Cost Allocation
31 Plan shall be transferred to the Constitutional and Fiscal Agencies Fund
32 upon receipt. However, any agency for which the operating budget may be
33 adversely affected by such a transfer may present evidence of such adversity
34 and request from the Chief Fiscal Officer a delay in the application of this
35 transfer requirement until July 1, 1985. Beginning July 1, 1985 all
36 recipients of indirect cost reimbursements shall transfer that proportion of

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1 indirect cost reimbursements attributable to the agency's indirect cost
2 allocation from the Consolidated State-Wide Cost Allocation Plan to
3 the Constitutional and Fiscal Agencies Fund.

4 SECTION 7. Expenditure of Federal Funds. The Department of Finance
5 and Administration is authorized to receive federal funds, enter into
6 contracts with federal agencies and expend any such funds as necessary
7 to accomplish the duties set out in this Act.

8 SECTION 8. Information Exchange. The Office of Intergovernmental
9 Services is authorized to cooperate with agencies of the federal
10 government in the development and utilization of intergovernmental
11 information exchange programs which may be of benefit to the State of
12 Arkansas.

13 SECTION 9. Revenue Sharing. The office of Intergovernmental
14 Services shall be responsible for providing technical assistance to
15 units of local government on matters relating to Federal Revenue
16 Sharing. The Office of Intergovernmental Services is designated as
17 the liaison between the Federal Office of Revenue Sharing and local
18 governments in Arkansas.

19 SECTION 10. (A) Section 1 of Article 4 of the Constitution of
20 the State of Arkansas provides that the power of the government of the
21 State of Arkansas shall be divided into three distinct departments,
22 each of them to be confided to a separate body of magistracy. Those
23 which are legislative to one, those which are executive to another,
24 and those which are judicial to another.

25 (B) Section 2 of Article 4 of the Constitution of the State of
26 Arkansas provides that no person, or collection of persons, being one
27 of the legislative, executive or judicial departments, shall exercise
28 any power belonging to either of the others, except in the instances
29 hereinafter expressly directed or permitted in the State Constitution.

30 (C) It is hereby recognized by the legislative and executive
31 departments of government that some of the executive departments'
32 authority or responsibility as provided in this Act should possibly
33 have the legislative departments' concurrence before proceeding with
34 such authority or responsibility. The legislative department via the
35 Legislative Joint Auditing Committee, the Legislative Council, Joint
36 Interim Committees, Interim Committees or Sub-Committees of the

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1 foregoing may request the Director of the Department of Finance and
 2 Administration to seek the legislative departments' advice before
 3 exercising certain authority or responsibility as authorized by this
 4 Act.

5 SECTION 11. All laws and parts of laws in conflict herewith are
 6 hereby repealed.

7 SECTION 12. It is hereby found and determined by the Seventy-
 8 Fourth General Assembly, that the administration of grant, aid and
 9 reimbursement programs by the federal government has a significant
 10 impact on the people and government of the State of Arkansas, and that
 11 a review procedure for such programs is desirable for the efficient
 12 operation of State government. Therefore, an emergency is hereby
 13 declared to exist and this Act being immediately necessary for the
 14 preservation of the public peace, health and safety shall be in full
 15 force and effect from and after July 1, 1983.

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