For An Act To Be Entitled

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. It is hereby found and determined by the General Assembly
that all governmental units, various non-governmental organizations and
the general public in the State of Arkansas should have the opportunity to
review and comment upon applications for federal funding assistance. The
General Assembly further finds that it is desirable that the State of
Arkansas pursue the utilization of indirect cost reimbursements available
to State agencies from the various federal agencies. It is further found
that the State should cooperate with the federal government in the
development and utilization of inter-governmental information exchange
programs which may be of benefit to the State of Arkansas; and to utilize
any available federal assistance funds for the furtherance of the purposes
of this Act.

SECTION 2. For the purposes of this Act; the following items shall
have the meanings hereinafter prescribed to them unless the context clearly
indicates otherwise.

(1) "Office of Intergovernmental Services" is an organizational unit
within the Management Services Division of the Department of Finance and
Administration.

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

(3) "Federal Funding Assistance" means financial aid available from
the various federal government agencies to units of state and local
governments as well as to private-for-profit and private non-profit
organizations.

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

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

(6) "Indirect Cost Reimbursements" means the reimbursement by a
federal agency to agencies of State government for the costs incurred which
are necessary for the efficient conduct of a federal grant or contract, as
With the Federal Government".

(7) "Revenue Sharing" means payments to units of local government as
authorized by the State and Local Fiscal Assistance Act of 1972, as amended.

SECTION 3. The Office of Intergovernmental Services within the
Management Services Division of the Department of Finance and Administration
shall be responsible for carrying out the duties and responsibilities of
this Act.

SECTION 4. FEDERAL GRANTS, AIDS AND REIMBURSEMENT PROCEDURES.

(1) REQUESTS FOR FEDERAL GRANTS. All formal applications for federal
funds for grants, aids and reimbursements originated by a State agency,
board, commission, department or institution shall be submitted to the
Department of Finance and Administration prior to their submission to the
granting source. Such applications shall include, in a manner prescribed
by the Director of the Department of Finance and Administration, a summary
of the proposed project. The summary will include the Indirect Cost Rate
of the applicant agency, together with a projection of funds to be received.
as indirect cost reimbursement. The Department of Finance and Administration shall file with the Bureau of Legislative Research of the Arkansas Legislative Council a summary of these applications for their review.

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

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

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

(5) STATE CLEARINGHOUSE. The Office of Intergovernmental Services of the Department of Finance and Administration is to function as the State Clearinghouse for coordinating the review and comment process relative to applications for federal funding assistance under the provisions of
Executive Order 12372, and other provisions of this Act. The Department of
Finance and Administration shall be responsible, in consultation with State
and local elected officials, for developing procedures to implement the
review and comment process for applications for federal funding assistance.

SECTION 5. INDIRECT COST REIMBURSEMENTS. The Office of Intergovern-
mental Services shall be responsible for preparation of the Consolidated
Statewide Cost Allocation Plan for the allocation of State central service
overhead costs to the various State agencies, according to the provisions of
OMB Circular A-87. The Office shall also: (1) prepare indirect cost rate
proposals on behalf of the State agencies, or (2) provide assistance as
necessary to State agencies who prepare their own indirect cost rate
proposals. The Office shall be authorized to negotiate with the appropriate
federal authorities the statewide cost allocations, and any agency
indirect cost rate proposals prepared by the Office of Intergovernmental
Services. All agencies which are required to utilize indirect cost rates
according to the provisions of this Act shall submit a copy of its indirect
cost rate proposal to the Department of Finance and Administration, and
also a copy of its indirect cost rate agreement after the cognizant federal
agency has approved the rate proposal.

SECTION 6. UTILIZATION OF INDIRECT COST RATES. All agencies, boards,
commissions, departments and institutions which receive, or have a
reasonable potential for receiving federal funds shall develop and have
approved an indirect cost rate, and apply such rate to any application for
federal funds. Such indirect cost rates shall utilize central service costs
allocated through the State of Arkansas Consolidated State-Wide Cost
Allocation Plan. That proportion of funds received from a federal agency
as indirect cost reimbursement which is attributable to the State agency's
indirect cost allocation from the Consolidated State-Wide Cost Allocation
Plan shall be transferred to the Constitutional and Fiscal Agencies Fund
upon receipt. However, any agency for which the operating budget may be
adversely affected by such a transfer may present evidence of such adversity
and request from the Chief Fiscal Officer a delay in the application of this
transfer requirement until July 1, 1985. Beginning July 1, 1985 all
recipients of indirect cost reimbursements shall transfer that proportion of
indirect cost reimbursements attributable to the agency's indirect cost allocation from the Consolidated State-Wide Cost Allocation Plan to the Constitutional and Fiscal Agencies Fund.

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

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

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

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

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

(C) It is hereby recognized by the legislative and executive departments of government that some of the executive departments' authority or responsibility as provided in this Act should possibly have the legislative departments' concurrence before proceeding with such authority or responsibility. The legislative department via the Legislative Joint Auditing Committee, the Legislative Council, Joint Interim Committees, Interim Committees or Sub-Committees of the
foregoing may request the Director of the Department of Finance and 
Administration to seek the legislative departments' advice before 
exercising certain authority or responsibility as authorized by this 
Act.

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

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