

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1277 Session of 2023

INTRODUCED BY GROVE, GREINER, KAUFFMAN, STAMBAUGH, ZIMMERMAN,
B. MILLER, FLICK, MOUL, ROWE AND GILLEN, MAY 31, 2023

REFERRED TO COMMITTEE ON APPROPRIATIONS, MAY 31, 2023

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled
 2 "An act relating to the finances of the State government;
 3 providing for cancer control, prevention and research, for
 4 ambulatory surgical center data collection, for the Joint
 5 Underwriting Association, for entertainment business
 6 financial management firms, for private dam financial
 7 assurance and for reinstatement of item vetoes; providing for
 8 the settlement, assessment, collection, and lien of taxes,
 9 bonus, and all other accounts due the Commonwealth, the
 10 collection and recovery of fees and other money or property
 11 due or belonging to the Commonwealth, or any agency thereof,
 12 including escheated property and the proceeds of its sale,
 13 the custody and disbursement or other disposition of funds
 14 and securities belonging to or in the possession of the
 15 Commonwealth, and the settlement of claims against the
 16 Commonwealth, the resettlement of accounts and appeals to the
 17 courts, refunds of moneys erroneously paid to the
 18 Commonwealth, auditing the accounts of the Commonwealth and
 19 all agencies thereof, of all public officers collecting
 20 moneys payable to the Commonwealth, or any agency thereof,
 21 and all receipts of appropriations from the Commonwealth,
 22 authorizing the Commonwealth to issue tax anticipation notes
 23 to defray current expenses, implementing the provisions of
 24 section 7(a) of Article VIII of the Constitution of
 25 Pennsylvania authorizing and restricting the incurring of
 26 certain debt and imposing penalties; affecting every
 27 department, board, commission, and officer of the State
 28 government, every political subdivision of the State, and
 29 certain officers of such subdivisions, every person,
 30 association, and corporation required to pay, assess, or
 31 collect taxes, or to make returns or reports under the laws
 32 imposing taxes for State purposes, or to pay license fees or
 33 other moneys to the Commonwealth, or any agency thereof,
 34 every State depository and every debtor or creditor of the

1 Commonwealth," providing for Federal funds oversight.
2 The General Assembly of the Commonwealth of Pennsylvania
3 hereby enacts as follows:

4 Section 1. The act of April 9, 1929 (P.L.343, No.176), known
5 as The Fiscal Code, is amended by adding an article to read:

6 ARTICLE XIV-A

7 FEDERAL FUNDS OVERSIGHT

8 Section 1401-A. State agency Federal funding requirements.

9 Prior to accepting Federal funding, the Office of the Budget
10 and the agency which will be charged with accepting the Federal
11 funding shall provide a report to the Governor, General
12 Assembly, Auditor General, State Treasurer and the Independent
13 Fiscal Office, which includes:

14 (1) A summary of the program accepting the Federal
15 funding, including a citation to the statutory authority for
16 the program.

17 (2) The compelling reasons to accept the Federal
18 funding.

19 (3) The performance metrics and achievable goals of the
20 Federal funding.

21 (4) The amount of new Federal funding the agency
22 anticipates receiving.

23 (5) The time frame for the receipt of funds and when the
24 Federal funding ends.

25 (6) The Federal requirements, mandates and maintenance
26 of effort requirements attached to the Federal funding and
27 their impacts on the program, State funding and goals of the
28 program.

29 (7) A fiscal note disclosing the total cost of Federal
30 funding, including an analysis of the cost of the Federal

1 mandates for the current fiscal year and the proceeding four
2 fiscal years. The fiscal note shall clearly delineate:

3 (i) Acquisition costs.

4 (ii) Personnel costs.

5 (iii) Maintenance costs.

6 (iv) Advertising costs.

7 (v) Cost-per-person for which the Federal funding
8 will assist.

9 (vi) Salvage costs.

10 (8) A statement as to whether the anticipated funding is
11 allocated through an existing or new Federal program and, if
12 an existing program, the current amount of General Fund or
13 State dedicated fund or account committed to the program.

14 (9) A statement as to whether additional State employees
15 are necessary to oversee or administer the Federal funds.

16 (10) The requirements associated with spending the
17 Federal funds, including any State match or cost share
18 requirements, percentage limitations and time frames.

19 (11) An analysis of internal controls used to prevent
20 and eliminate improper payments and fraud.

21 (12) The process by which the agency will operate and
22 distribute Federal funds to meet the performance metrics and
23 goals in paragraph (3).

24 Section 1402-A. Requirements on agencies.

25 State agencies receiving Federal funds shall:

26 (1) To the extent allowable under law, leverage the new
27 Federal funding to offset existing State General Fund
28 obligations rather than apply the Federal funds to new or
29 expanded programs.

30 (2) Only hire new employees in connection with or as a

1 result of the new Federal funding to limited-service
2 employees whose employment shall not last beyond the
3 expenditure of the Federal funds.

4 (3) Financially manage Federal funding to ensure that
5 the loss of Federal funding does not result in a budget
6 deficit for the program.

7 (4) Provide complete access for the Independent Fiscal
8 Office to provide a quarterly update on Federal funding and
9 how it is meeting the performance metrics and goals as stated
10 in this article.

11 (5) Provide complete access for the Auditor General to
12 perform audits on the agencies' internal control processes.

13 (6) Report alleged or potential improper payments or
14 fraud to the:

15 (i) Attorney General.

16 (ii) Auditor General.

17 (iii) Office of Inspector General.

18 (iv) United States Attorney.

19 (v) United States Inspector General with oversight
20 of the Federal funds.

21 Section 1403-A. Transparency portal.

22 (a) Establishment.--An agency shall establish a transparency
23 portal on the agency's publicly accessible Internet website. The
24 transparency portal shall provide current information about
25 expenditures of Federal funding that is updated from the close
26 of the prior business day.

27 (b) Contents.--The transparency portal shall include all of
28 the following information:

29 (1) The eligible entities that received a portion of the
30 Federal funding.

1 (2) The amount of Federal funding each eligible entity
2 received.

3 (3) The total dollar amount of Federal funding
4 disbursed.

5 (4) The amount of Federal funding that remains not
6 disbursed.

7 (5) How the agency is meeting the performance metrics
8 and goals under this article.

9 (6) An analysis and summary of improper payments under
10 the Improper Payments Elimination and Recovery Act of 2010
11 (Public Law 111-204, 124 Stat. 2224) for Federal and State
12 funds.

13 (c) Submission.--Documents submitted to an agency by
14 eligible entities pertaining to Federal funding shall be posted
15 on the agency's publicly accessible Internet website under
16 section 1702 of the act of February 14, 2008 (P.L.6, No.3),
17 known as the Right-to-Know Law.
18 Section 1404-A. Report.

19 After the final disbursement of Federal funding received by
20 an agency, the agency shall submit a report to the General
21 Assembly, Inspector General and Auditor General on all of the
22 following:

23 (1) The final disbursement of the Federal funding.

24 (2) The use of the Do-Not-Pay Pilot Program established
25 under section 1405-A.

26 (3) The number of entities that were eligible and
27 ineligible to receive the Federal funding.

28 (4) The savings to the State Treasury as a result of the
29 identification of entities that are ineligible to receive
30 money from the Federal funding.

1 (5) The results of the single audits of the program and
2 how the agency addressed the findings of each single audit.

3 (6) The results of any other Federal or State audit and
4 how the agency addressed the findings of each audit.

5 (7) The total amount of Federal funding received in each
6 county.

7 (8) The total improper payments under the Improper
8 Payments Elimination and Recovery Act of 2010 (Public Law
9 111-204, 124 Stat. 2224) for Federal and State funding.

10 Section 1405-A. Do-Not-Pay Pilot Program.

11 (a) Establishment.--The Do-Not-Pay Pilot Program is
12 established in the Treasury Department of the Commonwealth. As
13 part of the program, the State Treasurer shall enter a
14 memorandum of understanding with the United States Department of
15 the Treasury that satisfies the requirements of this section.

16 (b) Use.--Before issuing a reimbursement for eligible
17 expenses under this article to an entity, the State Treasurer
18 shall utilize the Do-Not-Pay Pilot Program to ensure that the
19 entity is eligible to receive the reimbursement.

20 Section 1406-A. Improper payments and misuse of funds.

21 (a) Improper payments.--An eligible entity that receives
22 money from the fund and makes improper payments shall be held
23 liable by the Commonwealth under the Improper Payments
24 Elimination and Recovery Act of 2010 (Public Law 111-204, 124
25 Stat. 2224) for the total amount of any disallowance of Federal
26 funds as a result of the improper payments.

27 (b) Misuse of funds.--An eligible entity that misuses
28 Federal funds shall be subject to civil action under 31 U.S.C.
29 §§ 3729-3733 (False Claims Act).

30 (c) Notice.--The State Treasurer shall provide notice of the

1 penalties specified under subsections (a) and (b) to each
2 eligible entity that receives Federal funding from the State
3 Treasury.

4 Section 1407-A. Nonacceptance of Federal funds.

5 (a) General rule.--If acceptance by an agency of Federal
6 funding is expected to cause a budget deficit within the General
7 Fund within five fiscal years, the Governor and the agency shall
8 not accept the Federal funding.

9 (b) School mandates.--The Governor, Department of Education
10 of the Commonwealth and school districts shall not accept
11 Federal funding that mandates a public school in this
12 Commonwealth to teach a specific program, topic, subject,
13 curriculum or standard.

14 (c) Contrary to State law.--If Federal funding requirements,
15 mandates or maintenance of effort by an agency contradict State
16 law, the Governor and agency may not accept the Federal funding.

17 (d) Negative impact on enforcement of internal controls.--If
18 Federal funding requirements, mandates or maintenance of effort
19 by an agency does not allow, bans or hinders the agency to
20 enforce internal controls to prevent fraud and improper
21 payments, the Governor and agency may not accept the Federal
22 funding.

23 (e) New programs.--If Federal funding requires an agency to
24 establish a new program, the Governor and agency may not accept
25 the Federal funding.

26 Section 1408-A. Fiscal review of current and previous fiscal
27 year Federal funding.

28 The Independent Fiscal Office shall review current Federal
29 funding received by State agencies under the direct control of
30 the Governor and shall identify:

1 (1) Mandates, requirements and maintenance of effort
2 requirements.

3 (2) Cost of the mandates, requirements and maintenance
4 of effort identified in paragraph (1), including:

5 (i) The prior five fiscal years' costs by fiscal
6 year.

7 (ii) The current fiscal years' costs.

8 (iii) The estimated costs over the next four fiscal
9 years for each fiscal year.

10 (3) Improper payments for each Federal program,
11 including:

12 (i) The total amount of Federal and State improper
13 payments over the previous five fiscal years.

14 (ii) The estimated improper payments for the current
15 fiscal year.

16 (iii) The estimated improper payments for the next
17 four fiscal years.

18 (iv) The improper payment error rate under
19 subparagraphs (i), (ii) and (iii).

20 (v) The reasons for the improper payments.

21 (4) If the agency that accepts the Federal funding has
22 met the Federal requirements and performance measures of the
23 Federal Government.

24 Section 1409-A. Applicability.

25 This article shall only be applicable to Federal funding
26 received by the Commonwealth after January 21, 2023.

27 Section 2. This act shall take effect immediately.