

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1034 Session of 2020

INTRODUCED BY PHILLIPS-HILL AND MENSCH, FEBRUARY 13, 2020

REFERRED TO INTERGOVERNMENTAL OPERATIONS, FEBRUARY 13, 2020

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,  
 2 as amended, "An act relating to the finances of the State  
 3 government; providing for cancer control, prevention and  
 4 research, for ambulatory surgical center data collection, for  
 5 the Joint Underwriting Association, for entertainment  
 6 business financial management firms, for private dam  
 7 financial assurance and for reinstatement of item vetoes;  
 8 providing for the settlement, assessment, collection, and  
 9 lien of taxes, bonus, and all other accounts due the  
 10 Commonwealth, the collection and recovery of fees and other  
 11 money or property due or belonging to the Commonwealth, or  
 12 any agency thereof, including escheated property and the  
 13 proceeds of its sale, the custody and disbursement or other  
 14 disposition of funds and securities belonging to or in the  
 15 possession of the Commonwealth, and the settlement of claims  
 16 against the Commonwealth, the resettlement of accounts and  
 17 appeals to the courts, refunds of moneys erroneously paid to  
 18 the Commonwealth, auditing the accounts of the Commonwealth  
 19 and 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  
 35 Commonwealth," providing for grant oversight.

1 The General Assembly of the Commonwealth of Pennsylvania  
2 hereby enacts as follows:

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

5 ARTICLE XVIII

6 GRANT OVERSIGHT

7 SUBARTICLE A

8 PRELIMINARY PROVISIONS

9 Section 1801. Scope of article.

10 This article relates to grant oversight.

11 Section 1802. Definitions.

12 The following words and phrases when used in this article  
13 shall have the meanings given to them in this section unless the  
14 context clearly indicates otherwise:

15 "Commonwealth agency." Any of the following:

16 (1) The Governor's Office.

17 (2) A department, board, commission, authority or other  
18 agency of the Commonwealth that is subject to the policy  
19 supervision and control of the Governor.

20 (3) The Office of Lieutenant Governor.

21 (4) An independent department.

22 (5) An independent agency.

23 "Grant." As follows:

24 (1) A commitment of money and programmatic authority by  
25 a Commonwealth agency serving as the grantor to an outside  
26 entity for the purpose of carrying out public policy or  
27 implementing program service delivery.

28 (2) The term does not include a procurement in which the  
29 grantor receives specific goods or services for the grantor's  
30 direct benefit or use.

1 "Grantee." An outside entity that contracts with a  
2 Commonwealth agency to receive grant funding.

3 "Grantor." A Commonwealth agency administering a grant.

4 "Independent agency." As follows:

5 (1) A board, commission, authority or other agency of  
6 the Commonwealth that is not subject to the policy  
7 supervision and control of the Governor.

8 (2) The term does not include:

9 (i) A court or agency of the unified judicial  
10 system.

11 (ii) The General Assembly or an agency of the  
12 General Assembly.

13 "Independent department." Any of the following:

14 (1) The Department of the Auditor General.

15 (2) The Treasury Department.

16 (3) The Office of Attorney General.

17 (4) A board or commission of an entity under paragraph  
18 (1), (2) or (3).

19 "Municipality." A county, city, borough, incorporated town  
20 or township.

21 "Outside entity." As follows:

22 (1) A person that is not a Commonwealth agency.

23 (2) The term includes, but is not limited to, the  
24 following:

25 (i) An individual.

26 (ii) A municipality.

27 (iii) A school district.

28 (iv) A nonprofit organization.

29 (v) A service provider.

30 "Project." An activity, program or task that is funded

1 through a grant.

2 SUBARTICLE B

3 REQUIREMENTS FOR GRANTS

4 Section 1811. Applicability.

5 This article is subject to Subarticle C.

6 Section 1812. Disclosure of additional funding sources.

7 If money for a grant is paid by a Commonwealth agency to a  
8 grantee but the amount is insufficient to cover the total cost  
9 of the project and other money is being sought to fully fund the  
10 project, the grantee shall disclose to the Commonwealth agency  
11 the additional funding sources and identify the specific grant  
12 subproject or category to which Commonwealth grant money will be  
13 applied.

14 Section 1813. Use of Commonwealth funds.

15 Money provided by a Commonwealth agency for a grant to a  
16 grantee shall only be used after the grantee exhausts other  
17 sources of funding for the project that was the subject of the  
18 grant, unless the Commonwealth agency specifically waives this  
19 requirement in writing.

20 Section 1814. Bonuses prohibited.

21 (a) Prohibition.--A bonus to an individual or entity may not  
22 be paid with any part of grant money provided by a Commonwealth  
23 agency.

24 (b) Penalty.--The payment of a bonus under subsection (a)  
25 shall automatically trigger the immediate repayment of the grant  
26 money.

27 Section 1815. Monitoring and reporting.

28 A grant award shall specify the following:

29 (1) Regular monitoring by the Commonwealth agency  
30 providing the grant.



1 apply to grants awarded by a Commonwealth agency through a  
2 competitive application process.

3 (b) Excluded entities.--This subarticle shall not apply to  
4 the following:

5 (1) A municipality.

6 (2) A school district.

7 (3) A community college.

8 (4) An institution within the State System of Higher  
9 Education.

10 (5) A State-related university.

11 Section 1822. Contents of grant agreement.

12 An agreement underlying a grant award shall contain the  
13 following:

14 (1) A statement that the grantee agrees to repay the  
15 Commonwealth the balance of the grant money paid by the  
16 Commonwealth agency that is not expended by the grantee for  
17 the specific purpose for which the grant was awarded.

18 (2) A statement that the grantee agrees, if the grantee  
19 obtains money for the project from a funding source other  
20 than the Commonwealth agency after payment of the grant money  
21 by the Commonwealth agency, to reimburse the Commonwealth an  
22 amount equal to the money received from the other funding  
23 source. The amount shall not exceed the amount of the grant  
24 provided by the Commonwealth agency but shall include  
25 interest.

26 (3) A statement that the grantee agrees, if the  
27 Commonwealth agency determines that the grantee  
28 misrepresented the grantee's efforts to obtain funding as  
29 specified under section 1823(1)(ii), to repay the  
30 Commonwealth the full amount of the grant plus a 10% penalty

1 on the face amount of the grant.

2 (4) A statement that the grantee agrees that the  
3 Commonwealth agency may set off the amount of any State tax  
4 liability or other obligation of the grantee or its  
5 subsidiaries to the Commonwealth against any payments due to  
6 the grantee under the grant.

7 (5) Clear procedures for the Commonwealth agency to  
8 enforce the agreement and obtain repayment in light of a  
9 breach of the agreement or failure of the grantee to comply  
10 with this article.

11 Section 1823. Payment to grantee.

12 A grant may not be paid by a Commonwealth agency to a grantee  
13 unless:

14 (1) The grantee has demonstrated the following to the  
15 satisfaction of the Commonwealth agency through written  
16 documentation:

17 (i) That the grantee has exercised due diligence in  
18 making reasonable efforts to obtain funding from other  
19 sources for the expenses for which the grant is being  
20 requested.

21 (ii) The results of the grantee's efforts under  
22 subparagraph (i).

23 (iii) The projected total cost of the project that  
24 is subject to the grant.

25 (2) The grantee has acted in accordance with the  
26 conditions specified under section 1822(1), (2), (3) and (4).

27 Section 1824. Competitive application process.

28 Subject to 62 Pa.C.S. (relating to procurement) and unless  
29 otherwise provided in enabling legislation for the allocation of  
30 grants, an award of a grant by a Commonwealth agency that will

1 involve a project for construction, production, machinery,  
2 equipment or services exceeding \$10,000 shall be made only after  
3 a competitive application process.

4 Section 1825. Misrepresentation.

5 If a Commonwealth agency determines that a grantee  
6 misrepresented the grantee's efforts to obtain funding as  
7 provided under section 1823(1)(ii), the grantee shall repay the  
8 Commonwealth the full amount of the grant plus a 10% penalty on  
9 the face amount of the grant.

10 Section 2. This act shall apply to an agreement underlying a  
11 grant award that is made on or after the effective date of this  
12 act.

13 Section 3. This act shall take effect in 60 days.