

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

SENATE BILL

No. 250 Session of  
2021

---

INTRODUCED BY PHILLIPS-HILL, PITTMAN, AUMENT AND MENSCH,  
FEBRUARY 18, 2021

---

REFERRED TO INTERGOVERNMENTAL OPERATIONS, FEBRUARY 18, 2021

---

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 grant 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 XVIII

7 GRANT OVERSIGHT

8 SUBARTICLE A

9 PRELIMINARY PROVISIONS

10 Section 1801. Scope of article.

11 This article relates to grant oversight.

12 Section 1802. Definitions.

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

16 "Commonwealth agency." Any of the following:

17 (1) The Governor's Office.

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

21 (3) The Office of Lieutenant Governor.

22 (4) An independent department.

23 (5) An independent agency.

24 "Grant." As follows:

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

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

1 direct benefit or use.

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

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

5 "Independent agency." As follows:

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

9 (2) The term does not include:

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

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

14 "Independent department." Any of the following:

15 (1) The Department of the Auditor General.

16 (2) The Treasury Department.

17 (3) The Office of Attorney General.

18 (4) A board or commission of an entity under paragraph  
19 (1), (2) or (3).

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

22 "Outside entity." As follows:

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

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

26 (i) An individual.

27 (ii) A municipality.

28 (iii) A school district.

29 (iv) A nonprofit organization.

30 (v) A service provider.

1 "Project." An activity, program or task that is funded  
2 through a grant.

3 SUBARTICLE B

4 REQUIREMENTS FOR GRANTS

5 Section 1811. Applicability.

6 This article is subject to Subarticle C.

7 Section 1812. Disclosure of additional funding sources.

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

15 Section 1813. Use of Commonwealth funds.

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

21 Section 1814. Bonuses prohibited.

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

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

28 Section 1815. Monitoring and reporting.

29 A grant award shall specify the following:

30 (1) Regular monitoring by the Commonwealth agency

1 providing the grant.

2 (2) Reporting by the grantee to the Commonwealth agency  
3 providing the grant, at least on a semiannual basis,  
4 regarding expenditures, performance and progress associated  
5 with the grant.

6 Section 1816. Specific purpose.

7 Grant money that is not expended for the specific tasks for  
8 which the grant was awarded shall be returned to the  
9 Commonwealth, with interest, within 30 days of the final  
10 closeout audit regarding the grant.

11 Section 1817. Remaining money.

12 The following shall apply to money designated for a project,  
13 after the period for the grant has concluded or if the project  
14 has been completed:

15 (1) If a grantee obtains money from a funding source  
16 other than a Commonwealth agency, after the payment of grant  
17 money by the Commonwealth agency, and if money paid by the  
18 Commonwealth agency remains unspent, the grantee shall  
19 reimburse the Commonwealth an amount equal to the money  
20 received from the other funding source, up to the amount of  
21 the grant provided by the Commonwealth agency, with interest.

22 (2) If a grantee obtains money from a funding source  
23 other than a Commonwealth agency and that money remains  
24 unspent, the grantee shall pay the Commonwealth that unspent  
25 amount as a reimbursement of the grant money provided by the  
26 Commonwealth agency, up to the amount of the grant provided  
27 by the Commonwealth agency, with interest.

28 SUBARTICLE C

29 COMPETITIVE GRANTS

30 Section 1821. Scope of subarticle.

1 (a) Competitive application process.--This subarticle shall  
2 apply to grants awarded by a Commonwealth agency through a  
3 competitive application process.

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

6 (1) A municipality.

7 (2) A school district.

8 (3) A community college.

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

11 (5) A State-related university.

12 Section 1822. Contents of grant agreement.

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

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

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

27 (3) A statement that the grantee agrees, if the  
28 Commonwealth agency determines that the grantee  
29 misrepresented the grantee's efforts to obtain funding as  
30 specified under section 1823(1)(ii), to repay the

1 Commonwealth the full amount of the grant plus a 10% penalty  
2 on the face amount of the grant.

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

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

12 Section 1823. Payment to grantee.

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

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

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

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

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

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

28 Section 1824. Competitive application process.

29 Subject to 62 Pa.C.S. (relating to procurement) and unless  
30 otherwise provided in enabling legislation for the allocation of

1 grants, an award of a grant by a Commonwealth agency that will  
2 involve a project for construction, production, machinery,  
3 equipment or services exceeding \$10,000 shall be made only after  
4 a competitive application process.

5 Section 1825. Misrepresentation.

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

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

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