

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1676

H. P. 1387

House of Representatives, April 13, 1977

Referred to Committee on Performance Audit. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Najarian of Portland.

Cosponsors: Mrs. Kany of Waterville, Messrs. Carter of Winslow, Spencer of Standish.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT to Provide for Budgeting of State Expenditures of Federal Funds.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 2 MRSA § 4, 1st sentence, as amended by PL 1975, c. 771, § 5, is further amended to read:

The ~~Governor~~ Treasurer is authorized and empowered to accept for the State any federal funds or any equipment, supplies or materials apportioned under federal law and to do such acts as are necessary for the purpose of carrying out such federal law.

Sec. 2. 2 MRSA § 4, as amended by PL 1975, c. 771, § 5, is further amended by adding at the end a new sentence to read:

The authority granted by this section shall be subject to the limitations specified in Title 5, chapter 150.

Sec. 3. 5 MRSA § 1662, sub-§ 1-A is enacted to read:

1-A. Federal expenditure budget. To prepare and submit to the Governor, annually, a federal expenditure budget in accordance with chapters 141 to 155.

Sec. 4. 5 MRSA c. 150 is enacted to read:

CHAPTER 150

FEDERAL EXPENDITURE BUDGET

§ 1681. Definitions

For purposes of this chapter, except as otherwise indicated, the following definitions shall apply.

1. Federal expenditure. "Federal expenditure" shall mean any and all financial assistance made to a state agency or to an employee of such an agency acting in his official capacity by the United States Government, whether a loan, grant, subsidy, augmentation, advance, reimbursement or any other form where such financial assistance will be expended by the state agency or employee acting in his official capacity. This definition shall not include federal pass-through funds which are received by the State Government and passed directly to local government and where the State is permitted no discretion with respect to disposition of the funds under the terms of the grant and federal law.

2. State agency. "State agency" shall mean each department and agency of State Government required to comply with Title 5, c. 149, except that the term "state agency" shall not include the University of Maine or the Maine Maritime Academy.

§ 1682. Budget preparation

On or before November 1st of each year, all state agencies receiving or desiring to receive and expend federal funds shall prepare, in the manner prescribed by and on blanks furnished by the State Budget Officer, and submit to the State Budget Officer plans and estimates for federal expenditures with the same content and format as prescribed in section 1684.

§ 1683. Review by the Governor

The Governor, with the assistance of the State Budget Officer, shall review the plans and estimates for federal expenditures, in view of the value of the programs in question and the extent to which the programs may be expected to result, in the future, in increased demands for appropriations from the General Fund.

After such review the State Budget Officer, under the direction of the Governor, shall prepare a federal expenditure budget document as required by this chapter. The document shall include the federal expenditure plans and requests presented by each agency and any changes in such plans and requests made by the Governor. The Governor shall transmit the budget document to the Legislature not later than the first Wednesday in February of each year, except that a Governor in his first year of office shall transmit the budget document to the Legislature not later than the close of the 8th week after the beginning of the regular legislative session.

§ 1684. Documentation required for federal expenditure budget documents

The Legislative Finance Officer shall prescribe the content and format of the federal expenditure budget document, subject to the requirements of this chapter. The document shall include, at a minimum, the following information presented by agency and program for the then current and next 2 succeeding fiscal years, to the extent such information is available or can be estimated;

1. **Description of objective.** A description of the objective of the program and how the program seeks to attain the objective;
2. **Identification of source of present and projected federal expenditures.** Identification of the source of present or projected federal expenditures with citation of the federal statute authorizing the federal expenditure and identification of the federal department or agency providing the funds, including the name and address of the office which the agency contacts with respect to the funds;
3. **Identification of number of positions.** Identification of the number of positions and monthly average number of employees of presently supported and projected to be supported by each separate program of federal expenditure;
4. **Amount of funds received.** The total amount of funds received and projected to be received for each federal expenditure program and the uses presently being put and projected to be put to the federal expenditures divided according to personal service expenditures, capital improvement expenditures, and all other;
5. **Amount of state funds appropriated from the General Fund.** The amount of state funds, if any, which must be appropriated from the General Fund or any dedicated revenue account to match the federal expenditures in order to receive them;
6. **Number of fiscal years agency has received assistance.** Specification of the number of fiscal years which the agency has been receiving assistance under the program and of the fiscal years in which such assistance can be expected to continue in the future;
7. **Statement from agency.** A statement as to whether the agency would seek to support the entire program, or a portion of it, from General Fund appropriations should funds for federal expenditures for a particular program be reduced or become unavailable; and
8. **Description of allocation formulas.** A description of allocation formulas and matching requirements, including the following:
 - A. Whether a federal expenditure is distributed to the State on the basis of a formula that is specified in federal statutes or in regulation or whether the distribution is based solely on the grantor agency's discretion;
 - B. Once the amount to be distributed to the State is known, what major constraints are placed on the State's discretion to use the funds, such as requirements to spend certain amounts or propositions for particular programs or activities, groups of people, geographic areas or governmental units; and
 - C. Whether a federal expenditure is required to be matched on the basis of a formula that is specified in federal statutes or in regulations, or by an administrative act.

§ 1685. Specific legislative approval required before expenditure

1. Expenditures. No state department or agency may make expenditures of any federal funds or expenditures in anticipation of receipt of federal funds, whether such funds are advanced prior to expenditure or as reimbursement, unless such expenditures are made pursuant to the federal expenditure budget and within amounts approved by the Legislature and except as provided in section 1686.

2. Federal funds. If the federal funds approved by the Legislature for a specific purpose, the total of federal funds and personnel supported by federal expenditures allocated for such purpose shall be reduced in proportion to the amount of reduction in federal funds.

3. Federal funds not to exceed level approved by Legislature. If the federal funds received are greater than the amount of such funds approved by the Legislature for a specific purpose, the total expenditure level of federal funds allocated for such purpose shall not exceed the level approved by the Legislature.

§ 1686. Action when Legislature not in session

If federal funds become available to the State for expenditure by the State while the Legislature is not in session, and availability of such funds could not reasonably have been anticipated and included in the Federal Expenditure Budget approved by the Legislature for the fiscal year in question, the Treasurer of State may accept such funds on behalf of the State and the Governor may make expenditures of such funds as are authorized by federal and state law. Upon application for such funds, and upon receipt of such funds, the Governor shall submit to the Legislative Council, the Legislative Finance Officer, and the members of the Joint Standing Committee on Appropriations and Financial Affairs a statement:

1. Describing manner of federal expenditure. Describing the proposed federal expenditure in the same manner as they would be described in the Federal Expenditure Budget document; and

2. Statement as to why availability of federal funds. A statement as to why the availability of such federal funds and the necessity of their expenditure could not have been anticipated in time for such expenditures to be approved as part of the Federal Expenditure Budget for that particular fiscal year. No federal expenditure may be made by the Governor for any program for more than one fiscal year without advance legislative approval in accordance with this chapter.

STATEMENT OF FACT

The purpose of this bill is to give the Legislature a role in approving plans and expenditure levels for use of federal funds by state agencies. The key features of the bill will:

1. Require submission by the Governor of a federal expenditure budget annually to the Legislature. This document will describe the source and proposed use of federal funds and matching state amounts, and indicate whether state funds will be expected to assume the burden of these federal funds at some time in the future;

2. Allow the Governor to receive and expend federal funds under certain conditions when the Legislature is not in session and funds become available unexpectedly.