

By Mr. Flaherty of Cambridge, petition of Charles F. Flaherty, Jr., that provision be made for appropriation and budgeting of federal funds. Federal Financial Assistance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty.

AN ACT REQUIRING THE APPROPRIATION AND BUDGETING OF FEDERAL FUNDS.

Be it enacted by the Senate and House of Representatives in General Court assembled and by the authority of the same, as follows:

SECTION 1. Definitions:

- 1 1. "Agency" means all state offices, departments, divisions, insti-
2 tutions, boards, commissions, councils, committees, or other enti-
3 ties of the executive branch, offices of the judicial branch, and
4 offices of the legislative branch of state government.
- 5 2. "Application" means an application to any federal agency for
6 federal financial assistance, or for participation in any federally
7 assisted program or any instrument which initiates action with any
8 federal agency for such purpose, including but not limited to a
9 proposal, contract, grant, agreement, loan, letter of understand-
10 ing, or state plan.
- 11 3. "Cash-matching" means a federally required outlay of state
12 monies of a specified amount or proportion as the state's contribu-
13 tion to a federally assisted project.
- 14 (4) "In-kind matching" means a federally required,
15 state-financed contribution to a federally assisted project, includ-
16 ing but not limited to service, space, equipment, facilities, and
17 absorption of overhead or indirect costs.
- 18 (5) "Federal monies" means any financial assistance made to a
19 state agency by the United States government, whether a loan,
20 grant, subsidy, augmentation, reimbursement, or in any other
21 form.

22 (6) "Nondiscretionary pass-through monies" means monies fed-
23 erally earmarked in specified amounts or proportions for transmit-
24 tal to local political subdivisions or to designated classes of
25 organizations and individuals, such monies not requiring state
26 cash or in-kind matching and not permitting discretion in their
27 distribution by the receiving state agency.

1 SECTION 2. *Application for Federal Funds.*

2 (A) No state agency shall make an application for federal monies,
3 or for participation in a federally assisted program under any
4 federal law, and no state agency may approve an application for
5 such monies or participation submitted by an agency other than a
6 state agency, unless such state agency shall have, at least 30 days
7 prior to making or approving the application, notified the Secre-
8 tary of Administration and Finance, chairman of house and
9 senate, ways and means on forms and in a manner to be prescribed
10 by the secretary. Such notice shall: (1) refer to the statutory
11 authority under which the action is proposed, (2) describe the
12 substance of the application, (3) indicate where a complete copy of
13 the application and any amendments or supplements thereto may
14 be obtained, and (4) contain a fiscal statement setting forth: (a) the
15 estimated amount of federal monies to be received per year for the
16 program for which such monies are sought, and (b) the estimated
17 amount of monies or in-kind matching to be supplied by the state
18 and any other source from which monies will be required.

19 (B) In order to avoid any inconsistency or duplication in review
20 function, the [director of the budget] shall establish procedures
21 whereby notices given under this section shall be coordinated with
22 other notice requirements for project or plan proposals in connec-
23 tion with federal aid.

24 (C) Upon official notification to a state agency from a federal
25 department or agency of approval of a state application for or
26 entitlement to federal assistance, the state agency shall promptly
27 notify the Secretary of Administration and Finance of the amount,
28 duration, payment schedule, and other attendant financial terms
29 and conditions, such notification to be for the purpose of appro-
30 priate recording. Recording shall occur prior to any allotment or
31 encumbrance of the federal monies.

1 SECTION 3. *Inclusion of Federal Funds in Executive Budget.*

2 (a) Pursuant to state statute governing preparation and submis-
3 sion of annual budget by the governor to the legislature, the secre-
4 tary shall henceforth include all federal monies received or
5 anticipated by agencies as a part of the budget request so as to show
6 for each [budgetary category, subcategory, activity] the amount of
7 state monies requested, by fund, the amount of federal monies
8 anticipated or due, the amount of other nonstate monies requested
9 or anticipated, and the total anticipated [outlay, expenditure,
10 encumbrance] from all sources for the respective [category, sub-
11 category, activity].

12 (b) A similar breakdown of funding sources shall be shown for
13 current and preceding fiscal periods.

1 SECTION 4. *Receipt of Federal Funds.*

2 (a) Unless otherwise provided in the specific instance by federal
3 or state statute or by generally accepted principles of governmental
4 accounting, all federal monies shall be deposited in and credited to
5 the general fund account and be available for appropriation by the
6 legislature as part of the state's operating budget; furthermore,
7 detailed and accurate accounting records shall be maintained for
8 such federal monies.

9 (b) The provisions of Section 4 (a) shall not apply in those cases
10 where by statutory enactment, the legislature has created a special
11 fund or restricted receipt account and has specifically provided
12 thereby for an exclusive, special purpose, or other use or federal
13 monies so long as such federal monies are used solely and exclu-
14 sively for such specific statutory purpose or purposes.

1 SECTION 5. *Legislative Appropriation Authority and Delega-
2 tion Thereof.*

3 (a) No agency shall establish new or expand existing programs,
4 including any program involving federal or other nonstate monies,
5 beyond the scope of those already established, recognized, and
6 appropriated for by the legislature until the program and the
7 availability of money is submitted by the agency to the Secretary of
8 Administration & Finance for recommendation to the legislature.

9 (b) No state agency may make expenditures of any federal
10 monies, whether such monies are advanced prior to expenditure or
11 as reimbursement, unless such expenditures are made pursuant to
12 specific appropriations of the legislature.

13 (c) To the extent not precluded by the terms and conditions
14 under which financial aid is made available by the federal govern-
15 ment, the agency shall use the monies in accordance with any
16 policies or priorities the legislature may have established for the
17 activity being assisted or for the use of state, federal, and other
18 fiscal resources in a particular fiscal year.

19 (d) If the federal monies received are less than the amount of
20 such monies appropriated by the legislature according to this act
21 and for a specific purpose, the total appropriation of federal and
22 state monies for such purpose shall be reduced in proportion to the
23 amount of reduction in federal monies.

24 (e) If the federal monies received are greater than the amount of
25 such monies appropriated by the legislature according to this act
26 and for a specific purpose, the total appropriation of federal and
27 state monies for such purpose shall remain at the amount desig-
28 nated by the legislature remain at the amount designated by the
29 legislature unless approval of a different amount is obtained pursu-
30 ant to Section 5 (f).

31 (f) When the legislature is out of session, a committee designated
32 by that body may act in its behalf to approve the expenditure of
33 available federal monies and to appropriate necessary state match-
34 ing funds. However, the designated committee shall act only in
35 instances when new or additional federal monies are made availa-
36 ble at such a time as to preclude the possibility of their inclusion in
37 the budget as adopted.

1 SECTION 6. *Exceptions and Exclusions.* The following are
2 excluded wholly or in part from the provisions of this act:

3 (1) From the act in its entirety:

4 (a) Federal monies coming to state colleges and universities for
5 any purpose.

6 (b) Federal monies coming to "self-supporting" or "proprie-
7 tary" state agencies that derive all their financing from sources
8 other than the general fund.

9 (2) From Sections 2 and 5:

10 (a) Research grants to individuals, agencies, or institutions not
11 exceeding \$50,000 in annual amount and not creating new or
12 expanding existing programs or commitments of state resources.

13 (b) Any additional existing or new provision designed to avoid
14 unnecessary workload in budgetary and appropriation review pro-
15 cess of small amounts, such as the lumping of small grants into an
16 aggregate appropriation.

17 (c) Any federal grant, contract, subsidy, or other payment not
18 exceeding \$5,000 in annual amount.

19 (d) Federal monies becoming available to the state to cover
20 costs and damages resulting from natural disasters, civil disobe-
21 dience, or other occurrences of sufficient severity to have oc-
22 casioned the declaration by the governor of a state of emergency
23 pursuant to statutes dealing with emergencies and disasters.

The Committee on the Judiciary

John W. Davis, Chairman, The Senate, 1947

1. The Committee on the Judiciary of the Senate has the honor to acknowledge the receipt of your letter of the 10th instant, in which you request that the Committee be advised of the progress of its work.

2. The Committee is pleased to inform you that it has held several public hearings and has received many suggestions from the public. It is also pleased to inform you that it has held several public hearings and has received many suggestions from the public.

3. The Committee is pleased to inform you that it has held several public hearings and has received many suggestions from the public. It is also pleased to inform you that it has held several public hearings and has received many suggestions from the public.

4. The Committee is pleased to inform you that it has held several public hearings and has received many suggestions from the public. It is also pleased to inform you that it has held several public hearings and has received many suggestions from the public.

5. The Committee is pleased to inform you that it has held several public hearings and has received many suggestions from the public. It is also pleased to inform you that it has held several public hearings and has received many suggestions from the public.

6. The Committee is pleased to inform you that it has held several public hearings and has received many suggestions from the public. It is also pleased to inform you that it has held several public hearings and has received many suggestions from the public.

7. The Committee is pleased to inform you that it has held several public hearings and has received many suggestions from the public. It is also pleased to inform you that it has held several public hearings and has received many suggestions from the public.

