

PROGRAM GRANT AUTHORITY (PGA)

A department may have statutory authority to issue grants to persons or organizations (grantee) to accomplish a specific public purpose of support or program stimulation. In such situations the grantee is only obligated to use the funds for the legal purpose defined in the grant. The department (grantor) receives no direct benefit from the expenditure.

In order to provide a means for payment and for monitoring grant expenditures, the department must submit a request for Program Grant Authority (PGA) in accordance with the following procedures to the DPMM.

PROGRAM GRANT AUTHORITY (PGA) REQUEST PROCEDURES

Departments (agencies) must officially request and justify a new PGA to the DPMM. DPMM no longer automatically renews a PGA. Instead, departments must officially request and justify the continuation of the PGA prior to expiration; however, the prior granting of PGA authority does not guarantee future granting of PGA authority.

In submitting a request for a new PGA or continuation of an existing PGA, the department should complete the Program Grant Authority (PGA) Request Worksheet (available on the Agency Information page on DPMM's website) or similar document containing the same information to address each of the following factors. These factors will be considered by DPMM in determining whether to allow the requested PGA(s).

- **DESCRIPTION:** For each PGA being requested, please identify (1) the current PGA number, if applicable, (2) the description of the product/service area for which the PGA is being requested, and (3) the period for which the PGA is being requested (e.g., July 1, 2004 through June 30, 2007). Departments may request a maximum three-year period for a PGA request, however, should your authority provided under statute, regulation, etc. restrict your authority for making payments to a shorter time period, please identify the period being requested.
- **JUSTIFICATION:** Please identify and attach a copy of the statute, regulation, etc. that gives your department specific granting authority. Please also explain whether the granting authority allows or precludes conducting a competitive procurement process(es) for the available grant funds.
- **UTILIZATION:** What total dollars were expended by your department under each PGA for FY2004?
- **COMPLIANCE:** Did your department follow PGA procedures, including the requirement for soliciting competitive bids and advertisement requirements, when it has previously been given PGA authority?

Upon receipt of a PGA request, DPMM management reviews the request and a recommendation is made to the Commissioner of Administration. If the PGA request is approved, DPMM will prepare a formal PGA document which contains a number of mandatory provisions. DPMM's granting of any PGA shall be contingent upon the department's agreement to comply with these provisions. Some, but not all of the PGA provisions, are outlined below. The department's director agreement to comply with the provisions of the PGA must be indicated on the signature page of the PGA document prior to returning it to DPMM for final approval.

Sampling of Mandatory PGA Provisions:

- Program Grant Authority Request Procedures must be followed (see State of Missouri, Division of Purchasing and Materials Management, Department Procurement Authority Delegation and Procedures).
- PGA payments must be processed with a Special Payment Voucher (PVS) document with a "P" and the three-digit PGA number as the document number prefix (e.g., P123). If the department desires to encumber money for PGA expenditures, it may do so by issuing a SAM II purchase order. However, in doing so the Commodity/Acctg Linking field on the purchase order must be set to "No" so that an Automatic Payment Voucher (PVA) will not be generated. The department must also enter the PGA number in the Blanket Number field (PDQ) or Comment field (SCS) of the purchase order document.

- The department shall notify OA/Information Technology Services Division to establish automatic numbering for the PGA on the Automatic Document Numbering (ADNT) table to facilitate the payment of expenditures pursuant to the PGA.
- Be sure to use the Master PGA number in all related correspondence and on all applicable SAM II order and payment documents.
- You do not have to submit sub-contracts to the DPMM for acknowledgement, unless specifically requested by DPMM.
- If requested by DPMM, the department must be able to provide a listing of all purchase orders and/or payments issued under the PGA.
- Should there be a change to the statute or federal regulation, which negates the authority for this PGA, please notify DPMM in writing immediately so that DPMM may cancel the PGA.

Since it is sometimes difficult to determine whether or not a specific expenditure meets the parameters of a grant, guidelines follow that provide assistance in making that determination.

GUIDELINES FOR MAKING A GRANT VS. CONTRACT DETERMINATION

Grant - Principal Purpose

For the department (grantor) to provide voluntary assistance, whether financial or otherwise, and which is authorized by state law, to a specific person or organization (grantee), to accomplish a public purpose of support or program stimulation; in return for which the grantee is only obligated to use the funds for the legal purposes defined in the grant agreement - the grantor receives no direct benefit from the expenditure.

Contract - Principal Purpose

For the department to procure a product or service which directly benefits the department and/or which aids in accomplishing the statutory mission of the department - payment for goods or services rendered where each party [department and contractor] receives something of value in return for their investment in the agreement.

Checklist for Determining Whether a Grant or a Contract is the Appropriate Type of Agreement to Execute

1. Is the money coming from federal, state, or private funds?

This DOES NOT MATTER. The department MUST always make a grant vs. contract determination, regardless of the source of the money. Additionally, the receipt of federal grant money, funds from a not-for-profit foundation, or funding from other private concerns does not automatically give that department the authority to award grants or sub-grants.

Continue to next question.

2. Does the department have authority, per state statutes or federal regulations, to award grants, or to provide financial assistance (or other aid) directly to individuals or organizations?

NO - Not a grant.

YES - Possibly a grant. Continue to next question

3. Can the intended expenditure be considered as a “gift”, “financial assistance”, or “subsidy”, which is authorized by state statute or federal regulation?

In these situations, the department seeks nothing in return for its investment, except (1) that the recipient will use the funds/aid in accordance with the terms of the written, legal agreement, and (2) perhaps be required to submit financial status reports or other reports.

NO - Not a grant.

YES - Possibly a grant. Continue to next question.

4. Can the intended expenditure be considered a payment made in return for the receipt of goods and/or services?

YES - Not a grant.

NO - Possibly a grant. Continue to next question.

5. Will the department be receiving invoices from the recipient of the funds?

YES - Determine the purpose of the intended invoices:

- * A grant is not appropriate, if the recipient would be requesting payment for goods or services rendered to the department.
- * A grant may be appropriate, if the intended “invoices” are provided to the department as proof that a particular required “milestone” was met, and these “invoices” only request the release of the next phase of grant money.

NO - Possibly a grant. Continue to next question.

6. Will the department receive a deliverable product or service for the direct benefit of that department, in return for the expenditure?

YES - Not a grant.

NO - Possibly a grant. Continue to next question.

7. Is the purpose of the agreement to fulfill a statutory mandate of the department?

YES - Not a grant.

NO - Possibly a grant. Continue to next question.

8. Will the recipient be required to justify the need for the funding?

NO - Likely not a grant. Review situation for other indicators.

YES - Possibly a grant. Continue to next question.

9. Will the recipient be required to provide “in-kind” contributions, matching funds, or cost-sharing?

NO - Likely not a grant. Review situation for other indicators.

YES - Possibly a grant. Continue to next question.

10. Will the recipient be required to submit financial status reports or other reports to the department providing the funding?

NO - Likely not a grant. Review situation for other indicators.

YES - Possibly a grant. Continue to next question.

11. Will the recipient of the funds be encouraged to generate program income?

NO - May or may not be a grant. Review situation for other indicators.

YES - Possibly a grant. Continue to next question.

12. Is the funding in an appropriation which allows “program specific” expenditures?

NO - Likely not a grant. Review situation for other indicators.

YES - Possibly a grant. Continue to next question.

13. Are payments based on unit prices?

YES - Probably not a grant.

NO - If this and other questions were answered in such a way that did not exclude a grant, request Program Grant Authority (PGA) from OA/DPMM.

MISCELLANEOUS GRANT GUIDELINES

1. Departments are encouraged to include competition in the granting process whenever possible.
2. If the determination is made that a grant is NOT appropriate, competitively bid and award a contract in accordance with RSMo Chapter 34.
3. A federal grant might require competitive bidding to determine the sub-grantees. This does not give the department automatic authority to conduct its own bid process. The department must obtain a PGA from the DPMM.
4. Federal grants sometimes require that grant funds given to a department be paid to a particular sub-grantee, as a condition of acceptance. In these cases, the federal grant document must specifically state, in writing, the names of the sub-grantee(s) which are to be paid and for which portions of the program they are to receive this assistance/funding. A situation such as this is considered a mandatory pass-through grant; it is not considered a “procurement” falling under RSMo Chapter 34.
5. Federal grants sometimes require that the federal grant funds be given to a department to be used for that department’s operational or administrative purposes. In this situation, the expenditure of these federal funds falls under the authority of RSMo Chapter 34.
6. If the funds are provided by a private funding source such as a not-for-profit foundation and the expenditure of the funds by the department meets the criteria for a contract rather than a grant, the funding provider may not stipulate the award of a grant or contract to a specific third party as a condition of the grant to the department. If the department does not have granting authority, any expenditure of moneys received from private funding sources is subject to the requirements of competitive bidding.