

STATEMENTS OF POLICY

Title 12—COMMERCE, TRADE AND LOCAL GOVERNMENT

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

[12 PA. CODE CH. 123]

Community Revitalization Program; Statement of Policy

The Department of Community and Economic Development (Department) amends Chapter 123 (relating to community revitalization program—statement of policy) as set forth in Annex A. The statement of policy is amended under the authority of section 1719-H(A)(1) of the act of July 4, 2008 (P. L. ____, No. 53), known as the Fiscal Code.

Background

Section 1719-H(A)(1) of the Fiscal Code requires the Department to publish Community Revitalization Program (CRP) guidelines in the *Pennsylvania Bulletin* prior to the spending of moneys designated for the CRP. This amended statement of policy updates the existing CRP guidelines published in 2007.

The program provides grants to eligible organizations consistent with the provisions of Act 38A of 2008, which allocates money for grants for community revitalization and improvement projects which in the judgment of the Department will improve the stability of the community; promote economic development; improve existing and develop new civic, cultural, recreational, industrial and other facilities; assist in business retention, expansion, stimulation and attraction; promote the creation of jobs and employment opportunities; or enhance the health, welfare and quality of life of the citizens of this Commonwealth.

Amendments

Section 123.1 (relating to introduction) is amended to update the reference to the Appropriation Act, to the current fiscal year and to make nonsubstantive grammatical changes.

Section 123.3 (relating to eligibility) is amended to update the reference to the Appropriation Act and to the current fiscal year and to make nonsubstantive grammatical changes.

Section 123.4 (relating to program requirements and instructions) is amended to update the application submission deadline, to add language requiring a detailed scope of services for any consulting, legal or accounting fees included in the applicant's project budget and to make nonsubstantive grammatical changes.

Section 123.5 (relating to application submission and approval procedure) is amended to update the reference to the current fiscal year, the grant award cycles and the proposed award dates.

Sections 123.6 and 123.7 (relating to procedures; limitations and penalties) is amended to inform grantees that payment of grant funds will be made electronically by

means of an Automated Clearing House and to make nonsubstantive grammatical changes.

Section 123.9 (relating to vendor registration) is amended to update the procedure to vendor registration procedures and to make nonsubstantive grammatical changes.

Fiscal Impact

The amended statement of policy has no fiscal impact on the Commonwealth, political subdivisions or the public.

Paperwork Requirements

Additional paperwork requirements are not imposed as a result of the amended statement of policy.

Contact Person

For further information regarding the amended statement of policy, contact Jill Busch, Deputy Chief Counsel, Office of Chief Counsel, Department of Community and Economic Development, Commonwealth Keystone Building, 400 North Street, Fourth Floor, Harrisburg, PA 17120-0225, (717) 783-8452.

Findings and Orders

The Department finds that:

Delay in implementing the statement of policy will have a serious adverse impact on the public interest.

The Department, acting under the authorizing statute, orders that:

(1) The statement of policy of the Department, 12 Pa. Code Chapter 123, is amended by amending §§ 123.1, 123.3—123.7 and 123.9 to read as set forth in Annex A.

(2) The Secretary of the Department shall submit this order and Annex A to the Office of General Counsel for approval as to form and legality as required by law.

(3) The Secretary of the Department shall certify this order and Annex A and deposit the them with the Legislative Reference Bureau as required by law.

(4) This order shall take effect upon publication in the *Pennsylvania Bulletin*.

DENNIS YABLONSKY,
Secretary

Fiscal Note: 4-90. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 12. COMMERCE, TRADE AND LOCAL GOVERNMENT

PART V. COMMUNITY AFFAIRS AND DEVELOPMENT

CHAPTER 123. COMMUNITY REVITALIZATION PROGRAM— STATEMENT OF POLICY

§ 123.1. Introduction.

(a) The CRP provides grants for community revitalization and improvement projects throughout this Commonwealth. CRP funds may be used for projects consistent with Act 38A of 2008. Eligible projects are defined in § 123.3(b) (relating to eligibility).

(b) Assistance from the CRP is in the form of grants from the Commonwealth to eligible applicants for projects

which, in the judgment of the Department, comply with Act 38A of 2008, are in accordance with the program guidelines in this chapter and meet the requirements of the Department's Single Application for Assistance.

(c) Applications under CRP may also be considered by the Department for other programs administered by the Department.

(d) Care in preparation of the application will assist the Department in the approval process.

§ 123.3. Eligibility.

(a) *Eligible applicants.* The following are eligible for CRP grants:

(1) Local governments, including, but not limited to, counties, cities, boroughs, townships and home rule municipalities.

(2) Municipal and redevelopment authorities and agencies.

(3) Industrial development authorities and agencies.

(4) Nonprofit organizations incorporated under the laws of the Commonwealth.

(5) Community organizations engaged in activities consistent with the program guidelines as determined by the Department.

(b) *Eligibility of projects.* CRP funds may be used for community revitalization and improvement projects consistent with Act 38A of 2008.

(1) Eligible projects must meet one or more of the following criteria:

(i) Improve the stability of the community.

(ii) Promote economic development, community development or both.

(iii) Improve existing or develop new, or both, civic, cultural, recreational, industrial and other facilities or activities.

(iv) Assist in business retention, expansion, creation or attraction.

(v) Promote the creation of jobs and employment opportunities.

(vi) Enhance the health, welfare and quality of life of citizens of this Commonwealth.

(2) Projects for the sole benefit of a for-profit entity are not eligible for program funding.

(3) Grants may not be used to fund revolving loan programs.

(4) Repayment of debt not incurred as the direct result of the project is an ineligible use. Indebtedness incurred prior to July 1 of the fiscal year in which the grant is approved will be presumed to not be indebtedness incurred as the direct result of the project and therefore will be an ineligible use.

(c) *Conditions on certain applicants.*

(1) *Private clubs and organizations (Rotary, Elks and the like).* The following conditions apply:

(i) A private club or organization must be a not-for-profit organization.

(ii) A private club or organization may not discriminate on the basis of race, creed, color, place of national origin or sexual preference in accepting members or selecting

participants, but may establish appropriate qualifications for program participation and benefits such as age or income level.

(iii) A private club or organization may apply for grant funds for the following projects:

(A) Equipment, supplies, food and other operational expenses for use in community activities such as parades, tournaments and the like.

(B) Program expenses for community service programs, including parades, tournaments, educational, social and cultural projects, and the like.

(C) Erection and maintenance of public memorials in public places.

(D) Construction or renovations, or both, to a club facility, provided the private club or organization can demonstrate that one of the following applies:

(I) A significant number of community events are held at its facility and these events are open to the public with no entry fee or with a nominal fee.

(II) Its facility is made available to community groups for their programs free of charge or at a discounted rate.

(2) *Religious organizations (churches, schools and the like).* The following conditions apply:

(i) Funds may not be used for religious purposes, including religious observances, or for tuition, scholarships or other financial assistance to or administrative expenses of parochial schools including charter schools that advance religious education, except as otherwise permitted in this section.

(ii) A religious organization may apply for grant funds for the following projects:

(A) Equipment, supplies (for example, playground and sports equipment, supplies or other consumables) and community outreach programs with no religious component.

(B) Construction or renovations to a facility owned or leased by a religious organization provided the facility is to be used exclusively for nonreligious activities for the "useful life" of the construction or renovations.

(C) Capital improvements to the exterior of church-owned buildings provided the buildings have been determined eligible for listing or are already listed in the National Register of Historic Places under the National Historic Preservation Act (16 U.S.C.A. §§ 470—470x-6).

(3) *Fiduciary organizations.* An applicant is a fiduciary organization if all or a portion of the requested funds are to be used by any organization other than the applicant. In these cases, the following conditions apply:

(i) The fiduciary organization shall demonstrate that it and proposed subgrantees are eligible applicants.

(ii) The fiduciary organization shall provide a grant narrative and budget covering funds to be expended by the fiduciary organization and all subgrantees. Alternatively, the fiduciary organization may provide in its narrative and budget the guidelines, uses and budgets under which subgrants will be made and utilized.

(iii) Subgrantees and projects to be undertaken by subgrantees must be eligible under the guidelines contained in this chapter.

(iv) For subgrants of \$5,000 or more, prior to disbursing grant funds to subgrantees, the fiduciary organization shall provide the Department with copies of all written

subgrant agreements, as well as proof of the subgrantees' eligibility under the guidelines contained in this chapter.

(v) A fiduciary organization shall submit to the Department a closeout report or, if the grant amount exceeds \$100,000, an audit for all grant funds expended by the grantee and each subgrantee. Failure to do so will make the fiduciary organization and any subgrantee not providing required documentation of expenditures ineligible for further financial assistance from the Department. A subgrantee may submit its own closeout or audit report to avoid ineligibility.

(vi) A fiduciary organization is responsible for ensuring that grant funds are used by subgrantees for eligible purposes in accordance with the approved budget. Fiduciary organizations may not receive administrative or management fees from subgrant funds.

(vii) A fiduciary organization shall establish and utilize guidelines that evaluate a subgrantee's eligibility for financial assistance. The guidelines must include, at a minimum, the following:

(A) The subgrantees benefit demographics. (for example, age group, special needs or economic status).

(B) The subgrantees credit history, including financial statements and tax returns, if available.

(C) The subgrantees' program goals.

(D) A budget outlining the use of the grant funds and the sources of any additional funding utilized by the subgrantee.

(viii) An organization that has chapters, offices or other entities that operate under the general direction of the parent organization (for example, Boys and Girls Clubs, YMCA's and Special Olympics) will not be considered a "fiduciary organization" and may submit a single comprehensive program and budget narrative and closeout report or audit.

(ix) The Office of Chief Counsel of the Department will make final determination of an organization's eligibility and capacity to serve as a fiduciary organization under this section.

§ 123.4. Program requirements and instructions.

The following requirements apply to CRP:

(1) Project applications shall be submitted using the Department's Electronic Single Application for Assistance by means of www.NewPa.com/programFinder.aspx or www.NewPa.com. Paper applications are no longer acceptable. Electronic applications will be accepted throughout the fiscal year up to the March 20, 2009, submission deadline, subject to § 123.5 (relating to application submission and approval procedure).

(2) The Department reserves the right to request additional information, explanation, clarification or revision of funding requests.

(3) Incomplete applications may be rejected. An applicant shall follow the detailed instructions for completing the Department's Single Application for Assistance. The narrative must include:

(i) A description of the applicant, including a general purpose or mission statement.

(ii) Identification of the need for CRP assistance and the applicant's project goals.

(iii) Identification of the measurable outcomes, including jobs created or retained, number of people trained, land or buildings acquired and renovated, and the like.

(iv) A project schedule with key milestones and dates.

(v) Documentation to support projected budget costs. A detailed scope of services must be submitted with the application for any consulting, legal or accounting fees included in the project budget.

(vi) Documentation of matching dollars, such as commitment letters, receipts, and the like.

(vii) A religious disclaimer assuring that the grant funds will not be used for religious purposes.

§ 123.5. Application submission and approval procedure.

(a) The application is available at the Department's web site www.newpa.com/programfinder.aspx. Applications will be accepted throughout the fiscal year up to the March 20, 2009, submission deadline. Applications will be subject to § 123.7 (relating to limitations and penalties).

(b) CRP grant awards will be made in three funding rounds during the fiscal year. The Department will grant approximately 33% of the program appropriation in each round.

(c) Grant applications not funded in a particular round will be rolled over to the next round in the same fiscal year.

(d) Application deadlines and tentative announcement dates for each round are as follows.

<i>Funding Round</i>	<i>Application Deadline Date</i>	<i>Target Announcement Date</i>
Round 1	September 19, 2008	November 2008
Round 2	December 19, 2008	February 2009
Round 3	March 20, 2009	May 2009

Targeted grant announcement dates are subject to change without notice at the discretion of the Department.

(e) Any CRP funds remaining after the third round may be awarded by the Department up to the lapsing date of funds for the 2008-2009 fiscal year appropriation.

(f) Letters will not be sent to applicants after each funding round advising applicants that they have not been funded.

(g) Applicants that do not receive funding during any of the three rounds will be notified to reapply during the following fiscal year. Unsuccessful applicants shall submit a new application to be considered for funding the following fiscal year.

(h) Information on the status of submitted grant applications may be obtained from the Department's Customer Service Center. An "assignment of account manager" letter constitutes confirmation of receipt of the application.

§ 123.6. Procedures.

(a) CRP grant award notifications will be issued by letter. The applicant will thereafter receive a contract and a payment requisition form to be signed and returned to the Department for execution.

(b) The applicant will maintain full and accurate records with respect to the project. The Department will have complete access to these records including invoices for goods and services and other relevant data and records, as well as the right to inspect all project work.

The applicant will promptly furnish all data, reports, contracts, documents and other information requested by the Department.

(c) Approved grants in the amount of \$100,000 or more require the grantee to provide an audit of the grant prepared by an independent certified public accountant as defined under Pennsylvania law. See The C.P.A. Law (63 P.S. §§ 9.1—9.16b) and 49 Pa. Code Chapter 11 (relating to State Board of Accounting). The Single Audit performed for Federal audit purposes (A133) will not be accepted.

(d) Grants under \$100,000 require the grantee to submit a closeout report with appropriate supporting documentation identifying expenditures of State funds consistent with the approved contract budget.

(e) Funds will be directly deposited into grantees' bank accounts by means of an Automating Clearing House transfer of funds in accordance with the provisions of the contract between the grantee and the Department.

(f) Applications from organizations that are not compliant with audit or closeout report requirements for other contracts received by them from the Department are ineligible to receive additional financial assistance until the audit or closeout report requirements are met.

§ 123.7. Limitations and penalties.

(a) When a project is funded, the grantee shall place the grant funds in an interest bearing account. Interest earned on the invested grant funds must be returned to the Department.

(b) An applicant may not make or authorize any substantial change to an approved project without first obtaining the Department's consent in writing.

(c) If the full amount of the grant is not required for the project, the unused portion shall be returned to the Department.

(d) Failure to comply with the guidelines contained in this chapter may result in penalties, including repayment of funds with interest.

§ 123.9. Vendor registration.

(a) An applicant shall be registered with the Commonwealth's Vendor Registration System before a grant may be approved. The system tracks information regarding vendors that do business with or receive grant funds from the Commonwealth and assigns a vendor number to the organization. In the event the application is funded, the organization shall be registered in this system before a contract can be issued.

(b) After submission of an application by means of the Department's Electronic Single Application for Assistance, applicant will receive correspondence indicating its vendor registration status. The applicant should review this correspondence and follow the specified instructions.

(c) Questions regarding vendor registration status, should be referred to the Central Vendor Management Unit at the address and phone number in this section. Applicants should have their nine digit Federal Identification Number available when contacting the Central Vendor Management Unit.

Commonwealth of Pennsylvania
Central Vendor Management Unit
Bureau of Financial Management
6th Floor, Verizon Tower,
Strawberry Square
303 Walnut Street
Harrisburg, PA 17101-1830
(866) 775-2868

(d) Applicants who are not registered with the Commonwealth's Vendor Registration System should register at www.vendorregistration.state.pa.us. Applicants should click on the Nonprocurement Registration Form link and follow the instructions provided.

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