

STATEMENTS OF POLICY

Title 12—COMMERCE, TRADE AND LOCAL GOVERNMENT

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

[12 PA. CODE CH. 123]

Community Revitalization Program

The Department of Community and Economic (Department) amends Chapter 123 (relating to community revitalization program—statement of policy) to read as set forth in Annex A. The statement of policy is amended under the authority of section 1719-B of The Fiscal Code (act), as amended by the act of July 5, 2006 (P. L. 296, No. 66).

Background

Section 1719-B of the act requires the Department to publish Community Revitalization Program (Program) guidelines in the *Pennsylvania Bulletin* prior to the spending of the 2006-2007 moneys designated for the Program. This amended statement of policy updates the existing Program guidelines published in 2005.

The Program provides grants to eligible organizations consistent with Act 2A of 2006, 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 and to the current fiscal year and to delete language specifying that not all applications will be funded.

Section 123.3 (relating to eligibility) is amended to update the reference to the appropriation act and to the current fiscal year; to broaden eligible projects to include community development projects and civic, cultural and recreational activities; to prohibit the funding of revolving loan programs; and to add funding restrictions for private clubs and organizations, religious organizations and fiduciary organizations.

Section 123.4 (relating to program requirements and instructions) is amended to require that applications be submitted online; to delete the specific types of additional information the Department may request; to modify the items which must be contained in the application narrative; and to specify the time during which applications will be accepted.

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, as well as to clarify that the assignment of account manager letter sent to the applicant constitutes confirmation of receipt of the application by the Department.

Section 123.6 (relating to procedures) is amended to delete language regarding the Commonwealth's Central Vendor Management Unit; to clarify that invoices cover goods and services; to require that audit be performed by independent certified public accounts as defined under Pennsylvania law; to clarify the ineligibility of organizations that are not compliant with audit or closeout report requirements on other Department contracts they received; and to delete the provision specifying that applications not acted on favorably will be considered denied and will not be considered for the next fiscal year.

Section 123.7 (relating limitations and penalties) is amended to require the grantee to place grant funds received into an interest bearing account and to return interest earned on grant funds to the Department.

Section 123.8 (relating to contact information) is amended to reflect that hard copies of applications may no longer be obtained from the Department; to clarify that the account manager is the Department contact; and provides that the applicant should have the application number available when contacting the account manager.

Section 123.9 (relating to vendor registration) is added to require that all applicants be registered with the Commonwealth's Vendor Registration System before they may receive a grant. This section also provides information on where and how to register and where to refer questions about the Commonwealth's Vendor Registration System.

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) 787-3402.

Findings

The Department finds that delay in implementing the statement of policy will have a serious adverse impact on the public interest.

Orders

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 and 123.3—123.8 and by adding § 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 them with the Legislative Reference Bureau as required by law.

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

DENNIS YABLONSKY,
Secretary

Fiscal Note: Fiscal Note 4-87 remains valid for the final adoption of the subject regulations.

Annex A

TITLE 12. COMMERCE, TRADE AND LOCAL GOVERNMENT

PART V. COMMUNITY AFFAIRS AND DEVELOPMENT

Subpart A. STRATEGIC PLANNING AND OPERATION

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 2A of 2006. 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 2A of 2006, are in accordance with the program guidelines in this chapter and meet the requirements of the Department Single Application for Assistance.

(c) Applicants should be aware that applications for other Department programs may also be considered for applications submitted under the CRP.

(d) Care in preparation of the application will assist the Department in its processing.

§ 123.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Application—The Department's Single Application for Assistance.

CRP—The Community Revitalization Program.

Department—The Department of Community and Economic Development of the Commonwealth.

§ 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 2A of 2006.

(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.

(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 tuition, scholarships or other financial assistance, administrative expenses to parochial schools including charters 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.* A fiduciary organization exists when 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 non-profit status for itself and its proposed subgrantees or provide assurances that any subgrantee qualifies as a not-for-profit organization.

(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 the narrative and budget for the fiduciary organization 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, the fiduciary organization shall provide the Department with a copy of a written subgrant agreement, as well as proof of the subgrantee's eligibility, including its nonprofit status, prior to disbursing grant funds to subgrantees.

(v) A fiduciary organization shall complete and submit to the Department a closeout report for both itself and each of its subgrantees. This requirement is in addition to any audits which shall be completed when the total grant (including all subgrants) totals more than \$100,000. Failure to do so will make the fiduciary organization and any subgrantee or grantees who have not filed the appropriate closeout documentation or audit report, or both, 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 granted to subgrantees are used for the purposes and in accordance with the budgets as approved by the Department. Fiduciary organizations may not receive administrative or management fees from grant proceeds.

(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 subgrantee's benefit demographics (for example, age group, special needs or economic status).

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

(C) The subgrantee's 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 which 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" hereunder and may submit a single comprehensive program and budget narrative and close out report or audit. 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 30, 2007, submission deadline.

(2) The Department reserves the right to request additional information.

(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 or renovated, and the like.

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

(v) Documentation to support projected budget costs.

(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.

(4) Applications will be accepted throughout the fiscal year, subject to the provisions of § 123.5.

§ 123.5. Application submission and approval procedure.

(a) The application is available on the Department's website at www.newpa.com/programfinder.aspx. Applications will be accepted throughout the fiscal year up to the March 30, 2007, 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 deadline 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 29, 2006	November 2006
Round 2	December 29, 2006	February 2007
Round 3	March 30, 2007	May 2007

(1) The first round consideration will include all applications received between July 1, 2006, and September 29, 2006.

(2) The second round will include applications received by December 29, 2006, and applications not approved in the first round.

(3) The third round will include applications received by March 30, 2007, and applications not approved in the first and second rounds.

(4) 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 2006-2007 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.

(h) Information on the status of submitted grant applications may be obtained by contacting the Department's Customer Service Center. The "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 full 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. Upon request of the Department, the applicant will furnish all data, reports, contracts, documents and other information relative to the project.

(c) Approved grants in the amount of \$100,000 or more require the grantee to provide an audit of the grant 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 close out report with appropriate documentation identifying use of State funds consistent with the contract.

(e) Funds will be disbursed according to the provisions in the contract between the applicant and the Department.

(f) Applications from organizations that are not compliant with audit or close out 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 shall be returned to the Department.

(b) An applicant may not make or authorize any substantial change in an approved project without first obtaining consent of the Department 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 procedures may result in penalties, including repayment of funds with interest.

§ 123.8. Contact information.

(a) Inquiries should be directed to:

Department of Community and Economic Development
Customer Service Center
Commonwealth Keystone Building
400 North Street, Fourth Floor
Harrisburg, Pennsylvania 17120-0225
(800) 379-7448
e-mail: ra-dced@state.pa.us

(b) Applicants receiving a funding notice from the Department should direct inquiries to the account manager identified in the notice. The applicant should have the assigned application number available when contacting the account manager.

§ 123.9. Vendor registration.

(a) An applicant shall be registered with the Commonwealth's Vendor Registration System before it may receive a grant. This system tracks information regarding vendors that do business with or receive grant funds from the Commonwealth, by assigning a vendor number to the organization. In the event the application is funded, the organization shall be registered with 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, an 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, the Commonwealth of Pennsylvania's Vendor Registration website. Applicants should click on the Grantee Vendor Registration Form, and follow the instructions provided.

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