

## Statewide Operating Procedure

Owner: Minnesota Management and Budget, Budget Division

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### Federal Funds Review and Approval

#### Objective

Step by step guidance on the five procedures to obtain federal funds review and approval, listed in order of administrative complexity, lowest to highest.

Procedure 1 - Governor's Recommended Budget: January of odd numbered years		
Agency prepares Federal Fund Summary (FFS) and submits to MMB	→	FFS included in Governor's recommended budget
	→	Federal Funds approved 20 days after submission, unless a recommendation is received from a legislator for further review
Procedure 2 - Governor's Revised Recommended Budget: March of odd numbered years, if applicable		
Agency revises FFS and submits to MMB	→	FFS included in Governor's revised recommended budget
	→	Federal Funds approved 20 days after submission, unless a recommendation is received from a legislator for further review
Procedure 3 - Session Submission: March of odd numbered calendar years may be considered part of the Revised Governor's budget and FFS may be used; Beginning of session and March of even numbered calendar years.		
Agency submits items for session review to MMB	→	MMB forwards session submissions 20 days in advance of final committee deadline
	→	Federal Funds approved 20 days after submission, unless a recommendation is received from a legislator for further review
Procedure 4 - Fall 20 Day review: the later of October 1 or 100 days prior to session start of even or odd numbered years		
Agency submits items for 20 day review to MMB	→	MMB forwards items to LAC for approval
	→	Federal Funds approved 20 days after submission, unless a recommendation is received from a legislator for further review
Procedure 5 - 10 Day review: urgent requests only		
Agency submits items for 10 day review to MMB	→	MMB forwards items to LAC for approval
	→	Federal Funds approved 10 days after submission, unless a recommendation is received from a legislator for further review

## General Procedures for the Governor’s Biennial Budget

### Procedure 1: Governor’s Recommended Biennial Budget

Step	Action	Responsible Party	Timeline
1.	<p>Anticipated, pending, or awarded federal funds should be included in the Governor's Biennial Budget. The agency submission for the biennial budget includes:</p> <ul style="list-style-type: none"> <li>a. a federal fund summary (FFS) that details the grants,</li> <li>b. the fiscal pages for an agency, which include anticipated federal receipts and expenditures.</li> </ul> <p>Specific instructions are provided in the biennial budget instructions.</p>	Agency Budget or Finance Director	Deadline for the agency biennial budget submission is typically October 15, but agencies should refer to the biennial budget instructions for a specific date.
2.	<p>For federal fund items submitted through the Governor’s Biennial Budget:</p> <p>Generally, a state agency may expend funds included in the request twenty days after the Governor's Biennial Budget Recommendations are submitted to the legislature; unless within the 20-day period, a member of the Legislative Advisory Commission (LAC) requests further review.</p> <p>If a LAC member requests further review, the agency may not expend the federal funds until:</p> <ul style="list-style-type: none"> <li>a. the request has been satisfied and withdrawn,</li> <li>b. the expenditure is approved in law, or</li> <li>c. the regular session of the legislature is adjourned for the year.</li> </ul>	Agency Budget or Finance Director	20 calendar days after the Governor’s Biennial Budget Recommendations are submitted to the legislature.

**Procedure 2: Governor’s Revised Recommended Budget**

Step	Action	Responsible Party	Timeline
1.	<p>Revised amounts from the Governor’s budget for anticipated, pending or awarded federal fund receipts and expenditures should be included in the Governor’s revised budget in:</p> <ul style="list-style-type: none"> <li>a. a revised federal fund summary (FFS) that details the grants</li> <li>b. the revised fiscal pages for an agency, which includes anticipated federal receipts and expenditures, if they are being republished.</li> </ul> <p>MMB provides specific instructions with deadlines to agencies during the revised recommendation process.</p>	Agency Budget or Finance Director	Typically after the February forecast, with the revised recommendations from the Governor.
2.	<p>Generally, a state agency may expend federal funds included in a revised Governor’s budget request twenty days after the revised recommendations are submitted to the legislature.</p> <p>Unless, within the 20-day period, a member of the Legislative Advisory Commission (LAC) requests further review.</p> <p>If a LAC member requests further review, the agency may not expend the federal funds until:</p> <ul style="list-style-type: none"> <li>a. the request has been satisfied and withdrawn,</li> <li>b. the expenditure is approved in law, or</li> <li>c. the regular session of the legislature is adjourned for the year.</li> </ul>	Agency Budget or Finance Director	20 calendar days after the Governor’s revised budget recommendations are submitted to the legislature.

**Procedure 3: Session Submission**

- In odd numbered years: March (may follow path of Governor’s Revised Budget)
- In even numbered years: Beginning of session (only if significant number of requests are submitted), March (Submission may follow the path of the Governor's Supplemental Budget or separately as needed)

Step	Action	Responsible Party	Timeline
1.	<p>Anticipated, pending, or awarded federal funds should be included in the Governor's Supplemental Budget or a session submission. The means of submission is a Federal Funds Review Request form (07250-01) for each grant.</p> <p>The forms should be sent to the agency’s assigned executive budget officer (EBO) at MMB</p> <p>MMB provides specific instructions with deadlines to agencies during the biennial and supplemental budget sessions processes.</p>	Agency Budget or Finance Director	Deadline for MMB to submit to the legislature is 20 calendar days before the deadline set by the legislature for action on finance bills.
2.	Federal Funds Review Request forms are reviewed and approved by the agency’s assigned EBO then consolidated for submission to the legislature.	EBO and other MMB budget staff	20 calendar days before the deadline set by the legislature for action on finance bills.
3.	<p>For federal funds items submitted with a supplemental budget or session submission:</p> <p>Generally, a state agency may expend federal funds included in a Governor’s Supplemental Budget or session submission twenty days after they are submitted to the legislature.</p> <p>Unless, within the 20-day period, a member of the Legislative Advisory Commission (LAC) requests further review.</p> <p>If a LAC member requests further review, the agency may not expend the federal funds until:</p> <ol style="list-style-type: none"> <li>the request has been satisfied and withdrawn,</li> <li>the expenditure is approved in law, or</li> <li>the regular session of the legislature is adjourned for the year.</li> </ol> <p>MMB sends agencies a summary of the session submission or supplemental budget submitted to the legislature.</p>	Agency Budget or Finance Director	20 calendar days after the session submission or supplemental budget is submitted to the legislature.

**Procedure 4: Fall 20-day Review Process (by October 1st or 100 days prior to the next session start, whichever is later)**

Step	Action	Responsible Party	Timeline
1.	<p>Procedure 4 applies to anticipated, pending or awarded federal funds not included in the Governor's Biennial or Supplemental budget that need approval to encumber or expend before the next legislative session.</p> <p>MMB provides specific instructions with deadlines to agencies in early fall of each year.</p>	Agency Budget or Finance Director	Early fall of each year
2.	Agencies that have federal funds meeting the above guidelines must submit a Federal Funds Review Request form (07250-01) for each grant to their assigned EBO at MMB by the specified due date.	Agency Budget or Finance Director	The agency deadline is usually 10 – 15 days in advance of the statutory deadline.
3.	Federal Funds Review Request forms are reviewed and approved by the agency's assigned EBO then consolidated for submission to the legislature.	EBO and other MMB budget staff	By October 1 or 100 days prior to the next legislative session, whichever is later.
4.	<p>The Federal Funds Review forms are submitted to Legislative Advisory Commission (LAC) members by the statutory deadline. If, after 20 calendar days, no member of the LAC requests further review, the Commissioner of MMB may prepare and sign an LAC order authorizing spending.</p> <p>It is at the discretion of the Commissioner to approve the request and sign an LAC order; however, an agency may not allot or spend the award until the order is signed.</p>	Commissioner of MMB	20 calendar days after the submission is sent to the LAC
5.	MMB sends the signed LAC order to agencies and the LAC as notification of approval to encumber or expend the federal funds.	Commissioner of MMB	After order authorized.

**Procedure 5: 10-Day Review Process**

Step	Action	Responsible Party	Timeline
1.	Procedure 5 applies to awarded federal funds not included in the Governor's Biennial, Supplemental budget or Fall submission, that have an emergency requiring approval to encumber or expend before the next legislative session.	Agency Budget or Finance Director	On an as needed basis when an emergency exists requiring funds to be encumbered or expended before the legislative session or before the annual fall 20-day review submission.
2.	Agencies that have federal funds meeting the above guidelines must submit a Federal Funds Review Request form (07250-01) to the assigned EBO at MMB.	Agency Budget or Finance Director	As needed
3.	Federal Funds Review Request forms are reviewed and approved by the agency's assigned EBO.	EBO and other budget staff	As needed
4.	<p>The Commissioner of MMB determines the timing of submitting the federal grant to the Legislative Advisory Commission (LAC) members.</p> <p>If after 10 calendar days no member of the LAC requests further review, the Commissioner of MMB may prepare and sign an LAC order authorizing spending.</p> <p>It is at the discretion of the Commissioner to approve the request and sign an LAC order; however, an agency may not allot or spend the award until the order is signed.</p>	Commissioner of MMB	As needed.
5.	MMB sends the signed LAC order to the agency and LAC as notification of approval to encumber or expend the federal funds.	Commissioner of MMB	After order authorized.

**Related Forms**

[Federal Funds Review Request \(7250-01\)](http://mn.gov/mmb-stat/documents/accounting/forms/7250-01-form.pdf) (http://mn.gov/mmb-stat/documents/accounting/forms/7250-01-form.pdf)

**Related Policies and Procedures**

[MMB Statewide Operating Policy 0303-01 Federal Funds](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0303-01-federal-funds-review-policy.pdf) (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0303-01-federal-funds-review-policy.pdf)

[MMB Statewide Operating Policy 0306-01 Legislative Advisory Commission \(LAC\) Approval](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0306-01-lac-approval-policy.pdf)

(<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0306-01-lac-approval-policy.pdf>)

[MMB Statewide Operating Procedure 0306-01.1 Legislative Advisory Commission \(LAC\) Approval](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0306-01-01-lac-approval-procedure.pdf)

(<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0306-01-01-lac-approval-procedure.pdf>)