



# 128th MAINE LEGISLATURE

LD 567

LR 294(01)

## An Act To Ensure Timely Expenditure of Federal Funds in the Department of Health and Human Services

### Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Parker of South Berwick

Committee: Health and Human Services

Fiscal Note Required: Yes

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### Preliminary Fiscal Impact Statement

Potential current biennium cost increase - Federal Expenditures Fund

Potential current biennium cost increase - Federal Block Grant Fund

#### Fiscal Detail and Notes

This bill requires the Department of Health and Human Services to spend federal funds within one year of receiving those funds except when the time frame for expenditure is specified otherwise by the Federal Government. Many of the federal grants operate under a carefully monitored drawdown methodology for each grant in accordance with an annual Cash Management Improvement Act agreement signed by the State Treasurer and the federal government. Many grants under this agreement employ a reimbursement method of drawdown where the State expends its own money first and then initiates a drawdown of federal money. Other grants are required to spend federal money within a very short time from being received by the State. However, there are some federal grants that do not have such time limits on expenditure as long as the State has met its required maintenance of effort expenditure amount. This bill would require those grant monies to be expended at a more expedited rate. Any such expedited spending would still be for the purposes for which the grants were originally intended.