



STATE OF NEW YORK
EXECUTIVE DEPARTMENT
DIVISION OF THE BUDGET
STATE CAPITOL
ALBANY, NEW YORK 12224

Andrew M. Cuomo
Governor

Robert L. Megna
Director of the Budget

BUDGET BULLETIN	H-1032-Revised	July 16, 2014
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TO: ALL DEPARTMENT AND AGENCY HEADS

FROM: Robert L. Megna

SUBJECT: New York State Grants Reform

In keeping with Governor Cuomo's efforts to streamline and reform State business processes, the Grants Reform Initiatives are intended to increase the timeliness of the grant contract process and allow State agencies to better monitor grantee performance.

There are six key reform initiatives:

- Utilization of a **Purchase Order for Grants** valued at \$10,000 or less;
- Continuation of the **Master Contract for Grants** valued over \$10,000;
- Implementation of **Contract Start Date Extension**;
- Increased use of **Multi-Year Contracts**;
- A **Grants Gateway** Online System, where:
 - Grant opportunities are posted in one easily searchable database;
 - Vendors store and retrieve required documents in an electronic "vault";
 - and
- Implementation of **Vendor Prequalification for Not-for-Profits**.

Information on these initiatives will be updated periodically on www.GrantsReform.ny.gov. Programmatic issues should be addressed to your Division of Budget (DOB) examiners. Technical questions related to this directive should be addressed via email to the Grants Reform Team at grantsreform@budget.ny.gov, referencing the component of this directive about which you are inquiring in your subject line: Purchase Order / Letter of Agreement, Master Contract for Grants, Contract Start Date Extension, Multi-Year Contracts, Grants Gateway, or Vendor Pre-Qualification.

PURCHASE ORDER FOR GRANTS (\$10,000 or Less)

For grants valued at \$10,000 or less, State agencies should no longer execute contracts but instead issue a Purchase Order invoking a "Letter of Agreement" between the Recipient and the State agency. To ensure acceptable accountability at all levels agencies will need to develop an audit and control protocol that takes the reduced level

of documentation required by the Letter of Agreement into account while still monitoring for compliance and effective service delivery.

See the "Letter of Agreement" at: <http://grantsreform.ny.gov/information-state-agencies>.

MASTER CONTRACT FOR GRANTS (Over \$10,000)

The **New York State Master Contract for Grants** supersedes several documents for purposes of processing State and federally funded grant contracts, including: *State of New York Agreement; Appendix A, Standard Clauses for New York State Contracts; Appendix A-1, Agency Specific Clauses; Appendix C, Payment and Reporting Schedule*; and associated *Cover Page and Signature Page*.

The components of the **Master Contract for Grants** are:

- Face Page*;
- Signature Page*;
- New York State Standard Terms and Conditions*;
- Attachment A-1, Program Specific Terms and Conditions*;
- Attachment A-2, Federally Funded Grants*;
- Attachments B-1, Expenditure Budget; B-2, Performance Based Budget; B-3 Capital Budget; B-4 Net Deficit Budget (and related Budget Amendment Attachments);
- Attachment C, Work Plan; and
- Attachment D, Payment and Reporting Schedule*.

*** Required to be used by all State agencies on or after April 29, 2013.**

A PDF version of the Master Contract for Grants and samples of completed forms can be found at <http://grantsreform.ny.gov/information-state-agencies>. Agencies have the option of utilizing the *Attachments B-1, B-2, B-3, B-4* (Budget) and *C* (Work Plan) as they fit with existing agency processes and systems. This phased approach to implementation is intended to mitigate impact on State agencies until the Grants Gateway System is fully implemented.

As previously instructed, effective July 31, 2013, agencies should not sign or execute grant contracts, renewals, or amendments that do not employ the Master Contract for Grants template.

CONTRACT START DATE EXTENSION

To ensure timely payment of contracts, agencies must extend the contract start dates that would have been effective in the month of April to the month of June, July or August. The purpose is to account for the timing of the enactment of the budget (due April 1st) to allow agencies to properly contract with organizations before they start working.

MULTI-YEAR CONTRACTS

Although it is acknowledged that not all programs lend themselves to a multi-year contract format, all agencies are required to review grant programs and migrate as many programs as possible to a multi-year contract format to reduce paperwork, processing time, and possible cash flow problems for vendors. The Office of the State Comptroller's Guide to Financial Operations directive¹ provides that in order to utilize a multi-year agreement, two conditions must be met:

- The agency must be able to predict, at the start of the multi-year term, the total amount of the contract for the entire multi-year period; and
- The scope of the contract must be established at the start of the contract and remain unchanged for the full period of the contract.

For programs with existing annual renewal contracts with more than two years remaining, agencies should work with their providers to amend such contracts to a multi-year format for the remainder of the contract term.

GRANTS GATEWAY – OPPORTUNITY POSTINGS

The New York State Grants Gateway is now live, and will serve as a single place for State agencies to post upcoming and available grant funding opportunities. The Grants Gateway System will incorporate standardized budgets and work plans which will be designed in collaboration with State agencies.

Agencies are expected to self-manage a listing of current and upcoming grant opportunity postings on the Gateway. Additional details on training and other instructions will be distributed to the Grants Coordinators designated by your agency. Your agency Grants Coordinators will be responsible for ensuring that all grant opportunities are posted to the Grants Gateway upon release, and that listings of anticipated opportunities are kept up to date.

The Grants Gateway will also allow vendors (including not-for-profits, businesses, government entities, tribal nations and individuals) to submit commonly requested documents which will be stored in a virtual, secured Data Vault.

VENDOR PREQUALIFICATION FOR NOT-FOR-PROFITS

Prequalification is a statewide process designed to facilitate prompt contracting for not-for-profit vendors. Interested vendors will be asked to submit commonly requested documents, and answer frequently asked questions once. The application requests organizational information about the vendor's *capacity*, *legal compliance*, and *integrity*.

Not-for-profit vendors subject to prequalification will submit their responses online in the Grants Gateway, and all information will be stored in a virtual, secured vault. Once

¹ <http://www.osc.state.ny.us/agencies/guide/MyWebHelp/>; Ch. XI.4.B

registered with the system, State agencies will have ready access to the vault, eliminating redundant submissions of such information. Not-for-profits will only have to prequalify every three years, with responsibility to keep their information current throughout the three year period. To obtain access to the Grants Gateway, vendors should submit a registration form downloadable on the Grants Reform website (<http://grantsreform.ny.gov/Grantees>).

Community Projects Fund Grants (Member Items) – All not-for-profit vendors receiving Community Projects Fund grants in excess of \$5,000 are required to prequalify via the Grants Gateway. Those vendors that receive \$5,000 or less must complete a short Vendor Integrity Questionnaire also available on the Grant Reform website. DOB will work with agencies to establish which vendors are required to prequalify and who need to complete the questionnaire at the onset of each round of the Community Projects Fund contracting process.

Each State agency has designated staff members who will serve as Prequalification Specialists, and vendor prequalification applications will be routed to this staff for review and evaluation. For those vendors having relationships with multiple State agencies, applications will be directed to staff at the agency with the largest number of existing contracts with the vendor.

The Specialists have been trained on the prequalification questions, the review process for each vendor application, and will contact DOB as needed for Community Projects Fund grants to assess whether prequalification is necessary. In instances where the Prequalification Specialist has concerns about the application or where vendor integrity is at issue, they will refer the application to the Executive Deputy of their agency for final review and eligibility determination. A representative from the Executive Chamber will be available to assist the agency Executive Deputies with these determination decisions, to oversee ongoing training of the Prequalification Specialists, and to help answer any questions.

Effective July 31, 2013, all not-for-profit vendors were required to prequalify prior to grant application and execution of contracts. If the not-for-profit vendor is not prequalified as required, State agencies should NOT:

- Evaluate proposals for existing competitive grants opportunities submitted by the not-for-profit vendor; or
- Sign grant contracts, renewals, or amendments with the not-for-profit vendor.