

## [H.R. 3089, Grants Oversight and New Efficiency Act, as amended](#)

### FLOOR SITUATION

On Monday, September 28, 2015, the House will consider [H.R. 3089](#), *the Grants Oversight and New Efficiency Act, as amended*, under suspension of the rules. H.R. 3089 was introduced on July 16, 2015 by Rep. Tim Walberg (R-MI) and was referred to the Committee on Oversight and Government Reform, which ordered the bill reported by voice vote on July 22, 2015.

### SUMMARY

H.R. 3089 is designed to increase efficiency in the federal grant cycle by requiring agencies to identify expired grant accounts for closure. Specifically, the bill requires agencies to coordinate with the Secretary of Health and Human Services (HHS) to submit to Congress a report that:

- (1) lists each covered grant held by that agency;
- (2) provides the total number of covered grants, including the number of grants by time of expiration, with zero balances, and with undisbursed balances;
- (3) describes the challenges causing delays in grant closeouts; and,
- (4) explains, for the oldest 30 covered grants of an agency, why each covered grant has not been closed out.

The bill also requires the HHS Secretary to report to Congress on the status of the grants identified for closure. The bill additionally requires the Inspector General of each agency with more than \$500 million in grant funding to conduct a risk assessment to determine whether an audit or review of the agency's grant closeout process is warranted.

The bill further requires the Office of Management and Budget (OMB), in consultation with the HHS Secretary, to make legislative recommendations to Congress to improve accountability and oversight in grants management.

The bill defines a ‘covered grant’ as a grant within a federal agency cash payment management system that has been expired for at least two years and has not been closed out.

## BACKGROUND

The federal government’s outlays for grants to state and local governments totaled \$529.9 billion in fiscal year 2014. In 2012, a Government Accountability Office (GAO) [report](#) found that more than \$794 million in undisbursed balances remained in HHS’ Payment Management System (PMS) across 10,548 expired grant accounts. The report also identified more than 28,000 expired grant accounts in PMS with zero undisbursed funds. GAO also identified \$126 million in undisbursed balances in dormant accounts in a separate federal payment system. Combined, there were nearly \$1 billion in undisbursed grant balances between the two systems.<sup>1</sup>

The Program Support Center (PSC), which operates PMS, “charges fees to the grant awarding agencies for each account it operates.”<sup>2</sup> PSC “charged agencies approximately \$173,000 per month in fees for the more than 28,000 expired grants with no funds remaining in them in fiscal year 2011.”<sup>3</sup> The total annual charges, if the accounts are maintained for an entire year, are approximately \$2 million. “These funds could arguably be used to support critical mission needs or returned to the Treasury.”<sup>4</sup>

H.R. 3089 “addresses the issues associated with expired grant accounts [and] will bring greater accountability to the closeout portion of grants administration.”<sup>5</sup>

According to the bill sponsor, “spending taxpayer dollars on expired and empty accounts is the definition of government waste. Fiscal mismanagement is sadly far too common in Washington, but this bipartisan legislation takes common sense steps to ensure a more effective use of taxpayer resources.”<sup>6</sup>

## COST

The Congressional Budget Office (CBO) [estimates](#) that increased administrative costs related to reports required by the bill would total \$8 million over the 2016 to 2020 period and that such spending would be subject to the availability of appropriated funds. Enacting H.R. 3089 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

## STAFF CONTACT

For questions or further information please contact [Jerry White](#) with the House Republican Policy Committee by email or at 5-0190.

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<sup>1</sup> [House Report 114-264](#) at 2 and 3.

<sup>2</sup> *Id.* at 3.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> See Press Release—“[Walberg, Lawrence Introduce Bipartisan Legislation to Close Expired Grants, Save Taxpayer Dollars](#),” July 16, 2015.