

**Regulatory Impact Analysis
Changes to Grant Application Process
Updated by Agency: September 2018**

Agency Name: Department of Public Safety,
Governor's Crime Commission

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Rules proposed for adoption: Rule 14B NCAC 05B .0101
Rule 14B NCAC 05B .0201
Rule 14B NCAC 05B .0202
Rule 14B NCAC 05B .0203
Rule 14B NCAC 05B .0301

State Impact: Yes

Local Impact: Yes

Substantial Economic Impact: No

Statutory Authority: G.S. 143B-602(5); 143B-1101; 143B-1103; 143B-1104

Statement of Necessity:

The Department of Public Safety (DPS) is promulgating a new chapter of permanent rules intended to replace 14B NCAC 05A. The rules in Chapter 05A are unclear and inconsistent with current practice. The new Chapter 05B will include updated rules that reflect current agency practice.

Rule Text: Attached as Appendix 1

Background Information

The Governor's Crime Commission (GCC) is a Section of the Division of Administration within the Department of Public Safety (DPS) and acts as the chief advisory body to the Governor and the Secretary of DPS on crime and justice issues. GCC consists of 43 members, including the heads of statewide criminal justice and human service agencies; representatives are from courts systems, law enforcement agencies, local government, the General Assembly, and private citizens.

GCC is known as a State Administering Agency (SAA); an agency designated to receive and disperse Office of Justice Programs (OJP) grant funding. As the State SAA, a primary responsibility of GCC is to administer all federal block grants, and other criminal justice funds, which are awarded to the state by the U.S. Department of Justice and Children's Justice Act funds from the U.S. Department of Health and Human Services.

GCC currently administers the following federal block and formula grant programs:

- Juvenile Justice and Delinquency Prevention (JJDP),
- Byrne Justice Assistance Grant (JAG),
- Victims of Crime Act (VOCA),
- Violence Against Women Act (VAWA),
- Sexual Assault Services Program (SASP) and
- Children's Justice Act (CJA).

Monies are allocated to help both state and local government agencies throughout North Carolina. Grants are awarded on a competitive basis to government, law enforcement agencies, non-profit agencies, educational and social service agencies to start new and innovative programs.

Purpose of Rulemaking:

Administrative Rules are critical to the mission of GCC because they describe the grant application process for interested applicants and identify the criteria used by the agency to award funding. The agency also has an interest in maintaining oversight over grant dollars distributed to applicants.

The agency is promulgating new rules as the result of issues identified during the Periodic Review and Re-adoption process. During this review, it was determined that the rules were ambiguous and inconsistent with current agency practice. The statutory authority for the rules was also determined to be unclear.

The agency is adopting 14B NCAC 05B rules through the permanent rulemaking process to replace 14B NCAC 05. The intent is merely to update the language of the rules to be more clear for the regulated public and also to conform the administrative code to current agency practice. Significant differences between Chapter 05 and the new rules in 05B are identified below.

Proposed Rule Changes and Estimated Impact:

The proposed rule additions and changes include the following:

1. 14B NCAC 05B .0101- Policy

This rule is intended to clarify the rulemaking authority of the rules by explaining the relationship between the Governor's Crime Commission and the Department of Public Safety. This rule will have no impact on the regulated public or the State.

2. 14B NCAC 05B .0201- Applications for Grants

This rule will comprehensively describe the grant application process including the information an applicant must submit to be considered for grant funding.

a. Description of baseline and proposed solutions:

(1) Lack of clarity.

Currently, directions regarding grant applications are included in multiple rules throughout Chapter 05. As a matter of practice, GCC no longer utilizes the filing method referenced in the rules. The regulated public must refer to the agency website to view updated instructions. The lack of clear and comprehensive directions regarding the filing location and method for documents results in additional time and resources spent by filers trying to determine how and where to file documents. This also imposes additional time and resources by GCC staff answering related calls, rerouting documents, tracking down documents, and wading through unnecessary multiple filings of the same misfiled document.

To address this issue, the agency has consolidated many of the previous rules and redrafted the language to make the requirements clear. Four of the old rules were reduced one new comprehensive rule.

The new rule also identifies three additional items not listed in the current rule that must be submitted by an applicant to be considered for funding. These items include "a sustainability plan," a "project timeline," and a "monitoring and evaluation plan." These items have been and continue to be required as part of the application but were simply not referenced in the rule. By updating the rule to include these three items, the intent is to further update the rule to current practice. Accordingly, there is no additional impact to the regulated public by adding these items to the rule.

(2) Outdated method of application submission.

The current rule requires each applicant to submit an original and two copies of the application form and then hand delivered or mailed by certified or registered mail, postage prepaid, return receipt requested. This imposed a burden of time on the applicant to administratively prepare the documents for submission. It also imposed a cost requirement where the applicant had to cover the paper and ink used for the copies. The applicant also had to bear the cost of mailing the records to the Agency. The current USPS Certified Mail rate to send a 1-ounce Certified Mail letter with return receipt is \$6.74. It is reasonable for an application to weigh more than 1-ounce, thus creating an additional cost to the applicant for mailing. The rule provides an option to hand deliver the records, but this still imposed time resources for the applicant to drive to the agency location.

GCC updated its method of application submission in 2010 when it purchased the Grant Enterprise Management System (GEMS). GCC functionally required all applications to be submitted through the electronic GEMS system. The GEMS system is free of charge so there is a positive financial impact for the applicant.

The GEMS system was purchased with federal grant money from Byrne Memorial Justice Assistance Grant (JAG), American Recovery and Reinvestment Act (ARRA), and U.S. Department of Homeland Security (HLS). The chart below includes the costs of development, yearly upkeep of the system, and the upgrades.

The impact of this rule is that the agency will continue to incur periodic operation and maintenance costs for the system. The \$393,240 received from JAG for fiscal year 16 1st year is to be used for upgrades to the system platform in 2018. The \$381,800.00 received from JAG for fiscal year 16 2nd year is to be used for upgrades to the system in 2019.

	Contractual Support	Equipment	Maint Support (scripts, GP, CRM licenses) majority outside of internal grants		
HLS FY07	166,267.00	69,830.00	-		236,097.00
JAG FY 08	-	71,066.83	9,883.00		80,949.83
ARRA FY09	164,401.00	80,109.00	18,808.00		263,318.00
JAG FY 10	164,976.00	-	19,389.00		184,365.00
JAG FY 11	141,600.00	-	19,988.00		161,588.00
JAG FY 12	166,400.00	-	20,606.00		187,006.00
JAG FY 14	183,982.00	-	20,606.00		204,588.00
JAG FY 15	170,604.00	-	21,243.00		191,847.00
JAG FY 16 1st YR	349,440.00	-	43,800.00		393,240.00
JAG FY 16 2nd YR	338,000.00	-	43,800.00		381,800.00
					-
	1,845,670.00	221,005.83	218,123.00		2,284,798.83

3. 14B NCAC 05B .0202- Review of Proposals

This rule will clearly describe the process of grant review.

a. Description of baseline and solution.

(1) Lack of clarity. Currently, there are two rules regarding the review of grant applications. The rules are unclear and confuse the actual process of grant application review. The new rule will consolidate the two rules and redraft the language to include each step of the review process.

Additionally, the current rules regarding the review of proposals creates an unnecessary distinction between “pre-applications” and “post applications.” This distinction confuses the steps that must take place for an applicant to actually receive funding after they have been approved as an eligible grantee. The updated rules remove this distinction and clarify each step of the review process. The actual steps for submission and review process have not changed.

Furthermore, the current rules merely establish that the Commission shall review the applications, including a summary of the ratings, and shall recommend to the Secretary which applications have been determined to be eligible. The rules do not clearly identify any specific criteria used by the Commission or relevant Subcommittee to make such a determination. Subsection (c) of the new rule identifies five items that are used by the Commission or relevant Subcommittee in evaluating each application to determine whether it is eligible for funding. These specific items are included in the new rule because the Commission bases its recommendation to the Secretary on these considerations. Therefore, the updated rule will result in no change to current practice.

(2) Benefit to applicants and the State. The proposed rule changes will benefit the regulated public in several ways. Improved information and clear directions regarding how, where, and when to file documents with the agency will save users time spent on communicating with the agency on how to file documents, re-routing documents and locating misfiled documents. This time saved will equal at least the time saved by the agency and include additional time filers spend trying to fix issues on their own before they contact the agency, so this savings cannot be qualified.

There are no costs associated with this rule. This rule would not result in any changes in the agency’s decision criteria for fund distribution. The rule change makes the grant application process less burdensome on the regulated public.

4. 14B NCAC 05B. 0203- Administration of Grants

This rule will identify the process to take place after an applicant has been recommended by GCC and selected by the Secretary of DPS to be awarded funding. This rule will also identify the information that must be submitted to the agency to show that the selected applicant is in compliance with the actual grant before the grant funding can be disbursed.

a. Description of general baseline and solution.

(1) Lack of clarity. The current process and requirements for awarding the grant funding is unclear and scattered throughout several rules. The rules refer to the additional documents needed by the agency as the “application.” This language creates confusion at this stage in the process because the applicant has already submitted an application (currently referred to as a “pre-application”), been deemed eligible by GCC and approved for the grant by the Secretary of DPS. GCC then administers each grant. The updated rule will consolidate the rules into one comprehensive rule. The language in the rule has also been redrafted to remove the confusing “pre-application” versus “application” terms.

The agency also updated the regulation to clearly identify the additional records that are needed for the administration of a grant. The agency is maintaining the requirement that the deadline to submit required grant compliance and modification information within 30 days of notification (14B NCAC 05B .0203).

(2) Outdated method of submission. The current method of “application” submission is either hand delivery or postmarked to GCC. As described above, the new application process is handled entirely through the electronic GEMS system. Additionally, the current rules require the applicant to submit the additional “application” records “on or before April 15 of each year, or on or before such other date as may be announced” by the agency. Under the new rules, this deadline is removed to allow a more flexible grant schedule, to accommodate off-cycle grants and delays in federal funding.

(3) Benefit to applicants and the State. The proposed rule changes will benefit the regulated public in several ways. The rule clearly identifies the role of GCC and the Secretary in the grant award process. Improved information and clear directions regarding how, where, and when to file documents with the agency will also save users time spent on communicating with the agency on how to file documents, re-routing documents and locating misfiled documents. This time saved will equal at least the time saved by the agency and include additional time filers spend trying to fix issues on their own before they contact the agency, so this savings cannot be qualified.

There are no costs associated with this rule. This rule would not result in any changes in the agency’s decision criteria for fund distribution. The rule change makes the grant application process less burdensome on the regulated public.

5. 14B NCAC 05B. 0301- Grant Termination or Suspension

This rule consolidates two rules into one rule. Additionally, whereas, the current rule requires the Executive Director to allow a grantee time to correct a deficiency before termination, the new rule clarifies that the Executive Director has discretion to terminate a grant without allowing additional time. This change is consistent with current practice and 2 CFR §200.338, which governs the authority of a Federal grant awarding agency to terminate funding upon a determination of noncompliance by the grantee. When the Executive Director does elect to allow a grantee to correct a deficiency, the new rule also extends the number of days for a grantee to correct any noted deficiencies in its compliance from 20 days to 30 days. This change is consistent with current agency practice so there is no impact to the regulated public. To the extent that it does create an impact, the change would only be to the benefit of the deficient applicant because it allows an additional 10 days to cure any deficiency.

There are no costs associated with this rule. This rule would not result in any changes in the agency’s decision criteria for fund distribution. The rule change makes the grant application process less burdensome on the regulated public.

Quantified Impacts Summary:

1. Agency:

The agency expects to save approximately \$200,000 per year in staff time as a result of implementing the electronic grant management system as described below. The agency will also incur periodic operation and maintenance costs for the system, including \$381,800 for system upgrades in 2019.

An average Grant Manager and Planner makes \$48,000 per year or \$23.00 per hour. Based on the Office of State Human Resources “Total Compensation Calculator,” the estimate of total compensation costs with benefits for a \$48,000 per year salary is \$72,400 per year or \$35.00 per hour.

Application Process: The updated rules will benefit the agency in a savings of time and money during the application process because staff no longer take the following steps with each application:

- 1) make multiple copies of the application (approximately 10 hours per application period (per year) multiplied by \$35.00 per hour equals a savings of \$350.00 per application period (per year).
- 2) keep all the applications sorted/organized/ filed (approximately 5 hours per application period (per year) multiplied by \$35.00 per hour equals a savings of \$175.00 per application period (per year).
- 3) mail the application to all committee members – (approximately 5 hours per application period (per year) multiplied by \$35.00 per hour equals a savings of \$175.00 per application period (per year).
- 4) manually track down and average the scores – (approximately 20 hours per application period (per year) multiplied by \$35.00 per hour equals a savings of \$700.00 per application period (per year).

Grant Management Process: The updated rules will benefit the agency in a savings of time and money during the grant management process because staff no longer take the following steps:

- 1) manually sort all of the reimbursement requests that arrive via mail or fax – There are 260 working days per year (assuming there are 2080 working hours in a year at 8 hours per day). 2 hours per day would then be 520 hours multiplied by \$35.00 per hour equals \$18,200
- 2) manually manage a grant folder that is likely hundreds of pages long – (approximately 600 hours (1 hour per grant, 60 grants per grants manager – 10 grants managers) multiplied by \$35.00 per hour equals \$21,000.
- 3) manually enter in the approved amounts and send to DPS Fiscal – 1,200 hours (2 hours per grant, 60 grants per grants manager – 10 grants managers) multiplied by \$35.00 per hour equals \$46,000

Electronic GEMS System: The new rules regarding the GEMS system create a savings of money and time for the agency because the system enables staff to more efficiently complete the following tasks:

- 1) indexing all the data that allows for easy retrieval and reporting-- 1000 hours per year multiplied by \$35.00 per hour equals \$35,000.
- 2) analyze data -
 - a. search data (approximately 1000 hours per year multiplied by \$35.00 per hour equals \$35,000).
 - b. sort the data (by fund, by year, by location, by planner, by grant manager, by key word, by amount, etc). Prior to the GEMS system, there was no way to sort the data that was pulled during a search. This feature allows the agency to pull information for business needs and records requests in a manner that is nonexistent under the current rules. The agency was not able to perform this function prior to the existence of the GEMS system so the value cannot be quantified.
- 3) locate files (approximately 250 hours per year multiplied by \$35.00 per hour equals \$8,750.00).
- 4) audit files (approximately 1000 hours per year multiplied by \$35.00 per hour equals \$35,000).

2. Applicant:

The new rules also enable a savings of money and time for each applicant because they no longer must pay for the following:

- 1) Postage. The current USPS Certified Mail rate to send a 1-ounce Certified Mail letter with return receipt is \$6.74. It is reasonable for an application to weigh more than 1-ounce, thus creating an additional cost to the applicant for mailing. The rule provides an option to hand deliver the records, but this still imposed time resources for the applicant to drive to the agency location. The agency received 529 applications during the last application period. Assuming a similar number of applications will be received in the future, a conservative estimate of postage savings is approximately \$3,600 per year.
- 2) Access to the GEMS system. The GEMS system is free of charge so there is a positive financial impact for the applicant.

There is not a time savings to the applicant for merely filling out the application online verses on a hard copy because the application questions are generally the same. Therefore, the same amount of time would be required to review the questions and provide a response.

3. Ongoing benefits:

The number and type of grants and federal dollars administered fluctuates each year, so the benefits to both the state and to applicants will vary accordingly. GCC received 529 project applications between the November 1, 2017 and February 15, 2018 grant application period.

4. Uncertainty:

It should be noted that there is a degree of uncertainty to the figures provided above. The money and time savings calculated for management and the agency is an estimate based on agency consultation with planning and grants management subject matter experts within the agency. The money and time savings calculations for the regulated public is based on estimate.

Appendix 1

1 14B NCAC 05B.0101 is proposed for adoption as follows:
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3 **SUBCHAPTER 05B**

4 **SECTION .0100 – GENERAL PROVISIONS**
5

6 **14B NCAC 05B .0101 - PURPOSE**

7 The rules of this Chapter, pursuant to the authority of the Secretary of the Department of Public Safety (Department),
8 implement the administration of duties of the Governor’s Crime Commission (Commission), as a Section of the
9 Division of Administration within the Department and as a State administering agency of North Carolina. Applications
10 for state and federal grants shall be submitted in accordance with the rules set forth in Section .0200 of this Chapter.
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12 *History Note: Authority G.S. 143B-602(5); 143B-1101; 143B-1103; 143B-1104;*

1 14B NCAC 05B.0201 is proposed for adoption as follows:
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3 **SECTION .0200 - PROGRAM GRANTS**
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5 **14B NCAC 05B .0201 APPLICATIONS FOR GRANTS**

6 (a) The Executive Director of the Commission shall designate requirements for submission of grant applications. The
7 grant application period shall begin on November 1 of each year and end on January 31. Funding priorities, as
8 determined by the Commission, shall be listed on the Commission's website prior to the opening of an application
9 period.

10 (b) Grant application submission dates shall be announced on the Commission website [https://www.ncdps.gov/about-](https://www.ncdps.gov/about-dps/boards-commissions/governors-crime-commission/grants-planning/grants)
11 [dps/boards-commissions/governors-crime-commission/grants-planning/grants](https://www.ncdps.gov/about-dps/boards-commissions/governors-crime-commission/grants-planning/grants) not less than 90 days before the
12 application is due.

13 (c) Grant applications shall be electronically submitted to the Commission through the Grants Enterprise Management
14 System (GEMS) on or before the date announced on the Commission website.

15 (d) To be considered for funding, applicants shall complete the grant application, which shall include the following
16 information:

- 17 (1) names, mailing addresses, telephone numbers, and signatures of the applicant;
- 18 (2) project information, including the following:
 - 19 (A) a description of the project, its goals and objectives, and measurable outcomes;
 - 20 (B) the issues or problems addressed by the project;
 - 21 (C) project operation and activities; and
 - 22 (D) a sustainability plan;
- 23 (3) a proposed budget;
- 24 (4) a project time line;
- 25 (5) an explanation of how the project's results will be monitored and evaluated; and
- 26 (6) any other information required by these Rules or requested by the Section in order to make a decision
27 on the grant proposal; and
- 28 (7) a description of how the objectives of the proposed project are consistent with the outcomes and
29 guidelines set forth in a State or federal grant program.

30 (e) Applicants seeking funding for a two-year project shall submit the information required by Paragraph (d) with the
31 requirements of (d)(2)(A), (d)(2)(C), and (d)(5) written to address the two-year grant period. Applicants shall also
32 submit two one-year budgets.

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34 *History Note: Authority G.S. 143B-1103; 143B-1104;*

1 14B NCAC 05B.0202 is proposed for adoption as follows:

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3 **14B NCAC 05B .0202 REVIEW OF PROPOSALS**

4 (a) Applications that contain all information required in .0201 shall be forwarded to a Commission Subcommittee,
5 as designated in G.S. 143B-1102.

6 (b) The Subcommittee shall review and evaluate each application and make a recommendation to the full Commission,
7 that the application should be approved or denied.

8 (c) In making this evaluation, the Commission or Subcommittee shall consider:

9 (1) who will benefit from the grant;

10 (2) how many will benefit from the grant;

11 (3) the cost of administering the grant;

12 (4) geographical representation; and

13 (5) past performance of grants and publicly funded projects.

14 (d) The Commission shall determine which applications are eligible for funding.

15 (e) The Commission shall recommend eligible applications to the Secretary of the Department of Public Safety. The
16 Secretary shall select the applicants who will be awarded funding.

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18 *History Note: Authority G.S. 143B-1101(a)(8); 143B-1103; 143B-1104;*

1 14B NCAC 05B.0203 is proposed for adoption as follows:

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3 **14B NCAC 05B .0203 ADMINISTRATION OF GRANTS**

4 (a) The Commission staff shall administer grants as funds are available. All applicants shall be notified in writing or
5 electronic communication through the GEMS system upon completion of the selection process that the application
6 has been approved or denied.

7 (b) Within 30 days of receipt of award notification, the applicant shall submit the grant compliance and modification
8 information. An applicant may request an extension of no more than 60 days to submit the information. An applicant
9 who does not provide the required information shall be ineligible for grant funding. For the purposes of this Rule,
10 grant compliance and modification information includes the following:

- 11 (1) a list of grant conditions that agreed to by an authorizing official of the applicant;
- 12 (2) a certification of non-supplanting;
- 13 (3) a certification of filing of an equal employment opportunity program;
- 14 (4) a memorandum of agreement or contract with cooperating government agencies;
- 15 (5) an original signature of all authorizing officials, implementing project director, and the applicant's
16 chief financial officer; and
- 17 (6) a signed agreement to submit to an annual audit of the program.

18 (c) Funds shall be conveyed to grantees through Grant Award Contracts. The Grant Award Contract shall bear the
19 original signature of the grantee's authorizing official and the Executive Director of the Commission. The Grant
20 Award Contract shall be signed and returned to the Department within 30 days.

21 (d) The grant period for the project shall be for a period of up to two years. The grant period shall coincide with the
22 start and close of the federal fiscal year, if possible.

23 (e) Requests for adjustments to approved applications may be made at any time up to 90 days before the project's
24 scheduled termination date. These requests shall be made through the GEMS system, providing an explanation for
25 proposed amendments.

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28 *History Note: Authority G.S. 143B-602(8); 143B-1103; 143B-1104;*

1 14B NCAC 05B.0301 is proposed for adoption as follows:
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3 **SECTION .0300 – PENALTIES**
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5 **14B NCAC 05B .0301 GRANT TERMINATION OR SUSPENSION**

6 (a) A grant may be terminated or the funds may be suspended by the Executive Director when the applicant or
7 grantee is not in compliance with any of the following:

- 8 (1) the terms and conditions of the grant application;
- 9 (2) the terms and conditions of the grant award contract;
- 10 (3) the guidelines promulgated by the federal criminal justice block grant program or approved plan;
- 11 (4) the rules set forth in this Chapter.

12 (b) The Executive Director shall notify the grantee of its noncompliance in writing. The notification shall identify
13 the penalty to be taken or allow the grantee an additional period of not more than 30 days to correct the deficiencies.
14 If the deficiencies are not corrected, then the Executive Director may suspend the payment of funds to the grantee or
15 terminate the grant.

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17 *History Note: Authority G.S. 143B-602(8)(c); 143B-1103(b)(3); 143B-1104;*