

## NEED AND REASONABLENESS STATEMENT

Minnesota Rules Parts 5520.0100 - 5520.0800

General These parts are necessary to the proper administration and utilization of grant funds available under the Minnesota Area Labor-Management Committee Grant Program. They are consistent with the intent, purpose, and legislative history of the enabling legislation (Minn. Stat. 179.81-179.85) and provide reasonable procedural requirements in the administration of funds provided under the Grant Program.

5520.0100 This part defines the program to which these rules apply.

5520.0110 This part provides for a liberal rather than rigid construction of the rules in recognition of the goals of the Grant Program and the fact that most persons applying for such grants will have minimal familiarity with these rules and state procedures.

5520.0120 This part provides definitions of words or phrases used within the rules in a unique or specialized manner. All other words or phrases are understood to convey their liberal, common meaning and intent.

5520.0200 This part sets forth the procedural and content requirements for making application for a grant under the Grant Program.

Subp. 2. Provides for annual public notice of the fact that grant applications will be accepted and a cutoff of such applications following a reasonable period of time.

Subp. 3. Indicates that grant application forms are available from the Bureau while requiring that applicants provide sufficient information of the nature and membership of the applicant organization so as to permit a preliminary evaluation of the applicant's likelihood to be eligible to receive grant funds.

Subp. 4. Requires applicants to understand and articulate major labor relations issues or problems, as well as the goals of the applicant with respect to those issues or problems. Specific and quantifiable statements are encouraged to minimize highly generalized rhetoric of the "apple pie" variety and to increase the ability to measure progress and compliance with the grant program goals.

Subp. 5. Requires applicants to provide evidence that they have considered appropriate methods for achieving goals set forth in their application and to develop a timetable for measuring and assessing progress toward the stated goals.

Subp. 6. Requires applicants to recognize the long-term nature of programs encouraged by the Grant Program and to give adequate consideration to financial planning over that period, including consideration as to the source of program revenue and the ratio restrictions on state/non-state funds established by the grant legislation. Existing committees are required to provide copies of prior financial reports to determine shifts in planning, programming or revenue utilization which may be prompted by the availability of grant funds.

5520.0250

Subp. 1. Restricts the use of grant funds in a manner consistent with the enabling legislation (Minn. Stat. § 179.81-179.85) and with proper emphasis to avoid unintentional violation of this restriction by a recipient.

Subp. 2. Limits the use of grant funds to prospective activities which have been reviewed and approved in the context of the Grant Program while avoiding the payment of "commissions" out of grant proceeds.

Subp. 3. Restricts the use of 10% of each grant to external development assistance, consistent with Minn. Stat. § 179.85.

Subp. 4. Requires a successful grantee to retain control over and responsibility for the use of grant funds to ensure that funds are used in a manner consistent with work plan and that lines of accountability remain clear.

5520.0300

Subp. 1. Specifies that, although funds are appropriated on a fiscal year basis, grants are awarded on a calendar year basis, a manner required by the statutory grant application time frames.

Subp. 2. Since the amount of funds available for grants in each fiscal year varies with legislative appropriation and evaluation of applications is necessary to maximize the effective utilization of grant funds, this provision establishes reasonable criteria for awarding grant funds.

Subp. 3. Consistent with the enabling legislation, this subpart restricts the percent of state fund revenues during any grant year, on a declining match basis.

5520.0400 The enabling legislation and legislative history of the Grant Program requires a certain portion of each grant be used by the recipient in the development of additional committees. The purpose of such requirement was to promote the growth of the Area LMC concept throughout the state, while minimizing the hegemony occurring from one LMC seeking to serve an ever-expanding base. These parts are directed at this built in expansion/developmental effort.

Subp. 1. Allows the commissioner to designate an appropriate target for developmental effort, after considering relevant factors, to minimize hegemony and ensure cost effective targeting of such efforts.

Subp. 2. Requires each grantee to accept this external marketing and developmental assistance requirement in a serious manner by developing a specific and required work plan for review and approval by the commissioner and conditioning continuation of the grant upon submission and adherence to such plan.

Subp. 3. Provides a reasonable reporting requirement upon the Grantee to assure compliance with this aspect of the grant work plans.

5520.0500

Subp. 1. This part establishes general criteria and objectives for the competitive awarding of grants under the program, requiring the commissioner to be consistent with the overall purposes of the Grant Program when making decisions regarding a grant award.

Subp. 2. Applications are to be reviewed as to their appropriateness in the context of public policy and the grant program. The extent and history of labor-management activity within the grant area, including current or prior efforts at cooperative programs, provide a measure for appropriateness, as do an assessment of the need for public funding of the proposal and a preliminary cost-benefit assessment.

Subp. 3. The ability of an applicant to articulate program goals which are attainable within the context and timeframes of the grant proposal, as measured by work plans, prior efforts, and current level of activity, is a litmus test for the effective use of grant funds in a manner consistent with the purposes of the Grant Program.

Subp. 4. If an applicant lacks the formal and informal support of key labor and management organizations within the targeted area, chances of successful use of grant funds in a manner consistent with the program's goals are almost nil. Such support must be solid enough to permit memorialization and verification to avoid use of grant funds in an ineffective manner.

Subp. 5. The long-term nature of the purposes of the grant program, coupled with the limited financial resources likely to be available for these purposes from public or private resources, requires prudent fiscal management and planning. The rule, therefore, requires long-term fiscal planning, consideration of revenue sources and restrictions, and an analysis of the reasonableness of proposed expenditures within the context of the grant program.

Subp. 6. Because good intentions or random activity are not sufficient to produce lasting, strategic improvement in the character and fiber of labor-management relations over a given industry or geographic region, a thorough and detailed work plan is considered necessary to successful grant performance. Performance is a derivative of planning, especially in this context of changes in institutional and organizational behaviors, and a detailed specific work plan is crucial to a successful grant.

Subp. 7. Acceptance, understanding, and capacity are key objectives to the unique external assistance requirements of this grant program. An application which suggests the grantee is unwilling or unable to comply with this aspect of the grant program can be flagged for additional evaluation and review.

5520.0520 This part re-emphasizes the necessity for written, detailed work plans which will, if fulfilled, lead a committee toward its stated objectives. Full performance of the work plan is the public's return for the grant dollars invested in the committee. Thus, reports and compliance with the plan are conditions of the grant.

5520.0540 While recognizing that operational realities may require adjustments to budget plans and forecasts, the rules seek to maximize compliance with grant purposes by requiring grantees to report significant budget elements or changes.

5520.0560 Although public accountability and program administration require written financial and activity reports from grantees, a quarterly reporting system is established to minimize paperwork.

5520.0600 Grantees are expected to ensure that funds are used and accounted for in accordance with standard accounting practices, which includes adequate control and documentation for all expenditures.

5520.0620 Written independent financial and compliance audits are required from grantees once every two years to insure adequate control and accountability of public funds.

5520.0700 This part restricts issuance of grant proceeds until all necessary paperwork has been completed to ensure that an approved work plan and grant contract are in place prior to release of the state funds.

5520.0710 This part provides for quarterly issuance of grant proceeds, based upon the Grantee's plans and projected expenditures for the period in question, to conserve cash flow and avoid overpayments in the event of changes in work plan.

5520.0800

Subp. 1. Provides for the suspension, termination or withdrawal of grants where the purposes of the program are not being fulfilled or the funds are being used improperly.

Subp. 2. Because the decision to suspend, terminate, or withdraw a grant has obvious impact upon the Committee and its constituency, written notice of such action is required by this part, with an opportunity for response and investigation prior to a final determination by the commissioner.