HOUSE BILL 1539

ENROLLED BILL
— Health and Government Operations/Education, Health, and Environmental Affairs —

Introduced by Delegates Stein, Bagnall, Carr, Cullison, Kipke, Krebs, Pena-Melnyk, and Reznik

Read and Examined by Proofreaders:

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Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this ______ day of ____________ at __________________ o’clock, ______ M.

_______________________________________________
Speaker.

CHAPTER ______

1 AN ACT concerning

2 Grant Applications and Reporting – Uniform Forms and Requirements

3 FOR the purpose of establishing the Maryland Efficient Grant Application Council; providing for the composition, chair, and staffing of the Council; establishing the terms of certain members of the Council; prohibiting a member of the Council from receiving certain compensation, but authorizing the reimbursement of certain expenses; requiring the Council to advise the Governor’s Grants Office and the Board of Public Works, Department of Budget and Management regarding certain matters; requiring the Council to monitor and report on certain matters; requiring the Council to study and make recommendations to the Governor’s Grants Office and the Board Department regarding the grants life cycle, including the creation of certain materials for use by certain grant-making agencies, grant applicants, and grant recipients, certain regulations, and certain recommended timelines and deadlines;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
Underlining indicates amendments to bill.
Strike-out indicates matter stricken from the bill by amendment or deleted from the law by amendment.
Italics indicate opposite chamber/conference committee amendments.
requiring the Council to solicit the input of certain stakeholders and authorizing the Council to establish certain working groups; requiring the Board to adopt by regulation a certain uniform grant application form, uniform financial controls and reporting requirements, and uniform performance progress reporting requirements on or before a certain date; requiring the uniform grant application form, uniform financial controls and reporting requirements, and uniform progress reporting requirements to be based on recommendations of the Council and, to the greatest extent practicable, be consistent with certain federal guidance and related forms; requiring the Board to adopt certain portions of a certain guidance on or before certain dates; requiring a certain agency that awards certain grant funds to administer grants in a certain manner on or after a certain date; authorizing a certain agency to apply for an exception to a certain requirement under certain circumstances; requiring the Board, in consultation with the Council and the Governor’s Grants Office, to adopt regulations governing the consideration and approval of certain requests; Council to submit a certain report to the Department and the General Assembly on or before a certain date; requiring a certain State agency to appoint a certain Chief Accountability Officer on or before a certain date; requiring the Governor’s Grants Office to provide technical assistance and interpretations of policy requirements for certain purposes; providing that the provisions of this Act and any regulations adopted under this Act supersede certain conflicting regulations; defining a certain term; certain terms; requiring the Board and the Governor’s Grants Office to jointly Department to report to the General Assembly on or before a certain date; certain dates; specifying the terms of the initial members of the Council; providing for the termination of this Act; and generally relating to the development and adoption of a uniform grant application form, uniform financial controls and reporting requirements, and uniform progress reporting requirements.

BY adding to
Article – State Finance and Procurement
Section 2–209 and 2–210
Annotated Code of Maryland
(2015 Replacement Volume and 2019 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – State Finance and Procurement

2–209.

(A) IN THIS SECTION, “COUNCIL” MEANS THE MARYLAND EFFICIENT GRANT APPLICATION COUNCIL.

(B) THERE IS A MARYLAND EFFICIENT GRANT APPLICATION COUNCIL.
(c) (1) The Council consists of the following members:

(i) the Director of the Governor’s Grants Office or the Director’s designee;

(ii) the Chief Procurement Officer or the Chief Procurement Officer’s designee;

(iii) the State Treasurer or the State Treasurer’s designee;

(iv) the Attorney General or the Attorney General’s designee;

(v) the Secretary of Budget and Management or the Secretary’s designee;

(vi) the Secretary of Health or the Secretary’s designee;

(vii) the Secretary of Human Services or the Secretary’s designee;

(viii) the Secretary of Housing and Community Development or the Secretary’s designee;

(ix) the Secretary of Agriculture, or the Secretary’s designee;

(x) the Secretary of the Environment, or the Secretary’s designee;

(xi) the State Superintendent of Schools, or the State Superintendent’s designee;

(xii) the Director of the Maryland Energy Administration, or the Director’s designee;

(xiii) the Executive Director of the Governor’s Office of Crime Control and Prevention or the Executive Director’s designee;

(x) one member of the Senate, appointed by the President of the Senate;
(XI) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY THE SPEAKER OF THE HOUSE; AND

(XIV) THE CHAIR OF THE MARYLAND HIGHER EDUCATION COMMISSION, OR THE CHAIR’S DESIGNEE;

(XV) THE SECRETARY OF NATURAL RESOURCES, OR THE SECRETARY’S DESIGNEE;

(XVI) (XVII) A REPRESENTATIVE FROM THE MARYLAND ASSOCIATION OF COUNTIES;

(XVII) (XVIII) A REPRESENTATIVE FROM THE MARYLAND MUNICIPAL LEAGUE;

(XVIII) (XIX) FOUR FIVE REPRESENTATIVES OF PRIVATE NONPROFIT ORGANIZATIONS WITH EXPERIENCE PROVIDING SERVICES FUNDED BY STATE OR FEDERAL GRANTS AND THAT REFLECT THE SIZE AND DIVERSITY OF THE NONPROFIT GRANT RECIPIENTS IN THE STATE, APPOINTED BY THE GOVERNOR;

(XIX) (XX) ONE REPRESENTATIVE OF A PRIVATE NONPROFIT ORGANIZATION, APPOINTED BY THE PRESIDENT OF THE SENATE; AND

(XX) ONE REPRESENTATIVE OF A PRIVATE NONPROFIT ORGANIZATION, APPOINTED BY THE SPEAKER OF THE HOUSE.

(2) (I) THIS PARAGRAPH APPLIES TO MEMBERS OF THE COUNCIL APPOINTED UNDER PARAGRAPH (1)(XII) (1)(XVII) (1)(XVIII) OF THIS SUBSECTION.

(II) THE TERM OF A MEMBER IS 4 YEARS.


(IV) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

(V) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.
(vi) The Governor may remove a member for neglect of duty, incompetence, or misconduct.

(D) The Director of the Governor’s Grants Office or the Director’s designee shall serve as chair of the Council.

(E) The staffing responsibilities of the Council shall be shared by the agencies represented on the Council.

(F) A member of the Council:

(1) may not receive compensation as a member of the Council; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(G) The Council shall:

(1) advise the Governor’s Grants Office and the Board of Public Works, Department of Budget and Management on the implementation of § 2–110 2–210 of this subtitle; and

(2) monitor and report to the Governor’s Grants Office and the Board of Public Works, Department of Budget and Management on the State’s progress toward implementing § 2–110 2–210 of this subtitle.

2–210.

(A) (1) In this section the following words have the meanings indicated.

(2) “Board” means the Board of Public Works.

(3) (2) “Council” means the Maryland Efficient Grant Application Council established under § 2–209 of this subtitle.

(3) “Department” means the Department of Budget and Management.

(4) (1) “Grant” means a legal instrument of financial assistance between a State grant–making entity and a non–State entity that is:
1. USED TO ENTER INTO A RELATIONSHIP THE PRINCIPAL PURPOSE OF WHICH IS TO TRANSFER ANYTHING OF VALUE FROM THE GRANT–MAKING ENTITY TO THE GRANT RECIPIENT TO CARRY OUT A PUBLIC PURPOSE AUTHORIZED BY LAW AND NOT TO ACQUIRE PROPERTY OR SERVICES FOR THE DIRECT BENEFIT OR USE OF THE GRANT–MAKING ENTITY; AND

2. DISTINGUISHED FROM A COOPERATIVE AGREEMENT IN THAT IT DOES NOT PROVIDE FOR SUBSTANTIAL INVOLVEMENT BETWEEN THE GRANT–MAKING ENTITY AND THE GRANT RECIPIENT IN CARRYING OUT THE ACTIVITY CONTEMPLATED BY THE AWARD.

(II) “GRANT” DOES NOT INCLUDE AN INSTRUMENT THAT PROVIDES ONLY:

1. DIRECT GOVERNMENT CASH ASSISTANCE TO AN INDIVIDUAL;

2. A SUBSIDY;

3. A LOAN;

4. A LOAN GUARANTEE;

5. INSURANCE;


7. BUSINESS DEVELOPMENT GRANTS MADE BY THE DEPARTMENT OF COMMERCE; OR

8. ANY STATE FUNDING THAT IS REQUIRED ANNUALLY AND IS CALCULATED THROUGH A FORMULA SET IN STATUTE.

(4) (5) “GRANT APPLICATION FORM” MEANS A GRANT APPLICATION TEMPLATE AND RELATED MATERIALS REQUIRED TO BE SUBMITTED BY GRANT APPLICANTS, INCLUDING:

(I) REQUIRED ORGANIZATIONAL MATERIALS; AND

(II) PROPOSED BUDGET CATEGORIES AND LINE ITEMS.

(B) (1) The In order to improve efficiency, streamline and reduce redundant processes, reduce paperwork and administrative burdens on both granting agencies and grant recipients, and facilitate development and implementation of a statewide centralized grants management and accountability system, the Council shall study and make recommendations to the Governor’s Grants Office and the Board Department regarding the entire grants life cycle, including:

(i) The creation of the following materials for use by grant–making agencies, grant applicants, and grant recipients in the State:

1. A uniform grant application form;

2. Uniform financial controls and reporting requirements for grant recipients; and

3. Uniform performance progress reporting requirements for grant recipients;

(ii) Regulations adopting each part of the uniform guidance, with appropriate modifications for its application to grant–making entities in the State, including modifications or variances based on the scope or size of particular grant programs, grant–making entities, or grantees;

(iii) Recommended timeframes and deadlines for the various tasks included in items (i) and (ii) of this paragraph;

(iv) Recommended deadlines for use and implementation by the various grant–making entities of the materials prepared in accordance with item (i) of this paragraph; and

(v) Recommended deadlines for grant–making entities to administer State and Federal grants in accordance with the provisions of parts of uniform guidance as adopted by the Department by regulation.
(2) IN DEVELOPING MATERIALS AND RECOMMENDATIONS UNDER THIS SUBSECTION, THE COUNCIL SHALL:

   (I) SHALL SOLICIT THE INPUT OF DIVERSE STAKEHOLDERS, INCLUDING GRANT-MAKING AGENCIES AND ORGANIZATIONS REPRESENTING LOCAL GOVERNMENTS, GRANT PROFESSIONALS, EXPERTS IN NONPROFIT ACCOUNTING AND AUDITING, AND NONPROFIT SERVICE PROVIDERS; AND

   (II) MAY ESTABLISH ONE OR MORE STAKEHOLDER ISSUE WORKING GROUPS TO, COMPOSED OF STAKEHOLDERS REPRESENTING DIVERSE BACKGROUNDS APPROPRIATE TO THE CHARGE OF EACH WORKGROUP, AND ALSO REFLECTING THE DEMOGRAPHIC DIVERSITY OF THE STATE AND THE DIVERSITY OF GRANT PROGRAMS AND GRANT RECIPIENTS, INCLUDING ARTS, HISTORY, AND SOCIAL SERVICE, TO PARTICIPATE IN AND FACILITATE THE PROCESS OF DEVELOPING RECOMMENDATIONS.

   (c) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ON OR BEFORE JULY 1, 2021, THE BOARD SHALL, BY REGULATION, ADOPT:

   (I) A UNIFORM GRANT APPLICATION FORM;

   (II) UNIFORM FINANCIAL CONTROLS AND REPORTING REQUIREMENTS FOR GRANT RECIPIENTS; AND

   (III) UNIFORM PERFORMANCE PROGRESS REPORTING REQUIREMENTS FOR GRANT RECIPIENTS.

   (2) THE UNIFORM GRANT APPLICATION FORM, UNIFORM FINANCIAL CONTROLS AND REPORTING REQUIREMENTS, AND UNIFORM PERFORMANCE PROGRESS REPORTING REQUIREMENTS ADOPTED UNDER THIS SUBSECTION SHALL:

   (I) BE BASED ON RECOMMENDATIONS OF THE COUNCIL DEVELOPED UNDER SUBSECTION (B) OF THIS SECTION; AND

   (II) TO THE GREATEST EXTENT PRACTICABLE, BE CONSISTENT WITH THE UNIFORM GUIDANCE AND RELATED FORMS ADOPTED BY THE OFFICE OF MANAGEMENT AND BUDGET.

   (d) (1) ON OR BEFORE JULY 1, 2022, THE BOARD SHALL ADOPT REGULATIONS THAT ADOPT PARTS A THROUGH E OF THE UNIFORM GUIDANCE FOR ALL STATE AND LOCAL AGENCIES THAT AWARD STATE OR FEDERAL GRANT FUNDS.
(2) On or before July 1, 2024, the Board shall adopt regulations that adopt the Uniform Guidance in its entirety for all State and local agencies that award State or Federal grant funds.

(E) (1) Except as provided in paragraph (3) of this subsection, on or after July 1, 2022, any State or local agency that awards State or Federal grant funds shall:

(i) use the Uniform Grant Application Form recommended by the Council and adopted by the Board under subsection (c) of this section;

(ii) require grant recipients to make annual reports in accordance with the Uniform Financial Controls and Reporting Requirements and Uniform Performance Progress Reporting Requirements adopted under subsection (c) of this section; and

(iii) administer State and Federal grants in accordance with Parts A through E of the Uniform Guidance, as adopted in regulations of the Board.

(2) Except as provided in paragraph (3) of this subsection, on or after July 1, 2024, each State and local grant-making agency shall administer State and Federal grants in accordance with the entirety of the Uniform Guidance, as adopted in regulations of the Board.

(3) (i) If a requirement of this subsection or of regulations adopted under this subsection would conflict with applicable Federal requirements or pose an undue burden on a grant-making agency, grant applicant, or grant recipient when applied to a particular grant program, the State or local agency that administers the grant program may apply for an exception to the requirement.

(ii) The Board, in consultation with the Council and the Governor’s Grants Office, shall adopt regulations governing the consideration and approval of requests for exceptions under this paragraph, including which entities shall be responsible for considering requests regarding particular grant programs.

(C) On or before July 1, 2024, the Council shall submit a report on its full recommendations as required by subsection (b)(1) of this
SECTION TO THE DEPARTMENT AND THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE.

On or before October 1, 2020, each State grant-making agency shall appoint a Chief Accountability Officer who shall:

(1) serve as a liaison to the Council and the Governor’s Grants Office; and

(2) be responsible for the agency’s implementation of and compliance with regulations adopted representation and participation in the process established under this section.

The Governor’s Grants Office shall provide technical assistance and interpretations of policy requirements in order to ensure the effective and efficient implementation of this section by State and local grant-making agencies.

SECTION 2. AND BE IT FURTHER ENACTED, That the provisions of this Act and any regulations adopted under this Act shall supersede any conflicting State regulations regarding requirements for grant applications, financial controls and reporting, or performance progress reporting.

SECTION 3. AND BE IT FURTHER ENACTED, That on or before December 31, 2021, the Board of Public Works and the Governor’s Grants Office shall jointly report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on the implementation of this Act.

SECTION 2. AND BE IT FURTHER ENACTED, That, in accordance with § 2–1257 of the State Government Article, the Department of Budget and Management shall:

(1) on or before December 31, 2021, report to the General Assembly on the implementation of this Act, including the timelines and deadlines recommended by the Maryland Efficient Grant Application Council in accordance with § 2–210(b)(1)(iii) of the State Finance and Procurement Article, as enacted by Section 1 of this Act; and

(2) on or before December 31 of the calendar years 2022 through 2026, report to the General Assembly on the progress of the implementation of this Act, including any recommendations of the Maryland Efficient Grant Application Council.

SECTION 4. AND BE IT FURTHER ENACTED, That the terms of the initial members appointed to the Maryland Efficient Grant Application Council by the Governor shall expire as follows:

(1) two members in 2022; and
(2) two three members in 2024.

SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020. It shall remain effective for a period of 5 years and, at the end of June 30, 2025, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.