

SB 630 - Grant Applications and Reporting – Uniform Forms and Applications
IN SUPPORT

Testimony of Henry Bogdan, Policy Director, Maryland Nonprofits
Senate Education, Health and Environmental Affairs Committee, February 27, 2020

Maryland Nonprofits strongly supports Senate Bill 630, creating a process to develop and adopt streamlined and standardized basic grant materials and financial controls, and review and modify a version of the OMB Uniform Guidance for use in Maryland.

Maryland Nonprofits is a statewide association of more than 1100 nonprofit organizations and institutions. We are a statewide association of more than 1100 nonprofit organizations across the state, and we believe that an effective working relationship between government agencies and nonprofit services providers is critical to the effectiveness of both in serving the public.

The last comprehensive study of state grants and grantees, reported in 2012 by the Urban Institute, found that 80% of nonprofit grant recipients work with more than one state or local government agency. The majority of respondents in that survey reported that administrative burdens or practices burdened the delivery of services or the financial stability of providers. An earlier study (2010) by the Government Accountability Office (GAO) of three states, including Maryland, had also documented these issues and the negative effects of services delivery.

In many cases the basic information required in applying for a state grant to provide services varies even within an agency depending on the particular office or program. For example, providers may have to re-configure the format of the budgets they submit to different state funders, or change how certain items are categorized, even when essentially the same services are being provided. This means they need to track and report expenditures in different forms for different grants, and then reconcile and re-configure for their own financial reporting. By contrast, the federal Office of Management and Budget (OMB) has begun standardizing the application and budget forms, and financial controls and processes used in most federal grant programs, through the “Uniform Guidance” issued in 2014.

In Maryland, state grant programs can vary in their audit requirements, invoicing and payment practices, and financial oversight and controls during implementation of the grants. Not only does this fragmented system require duplication of effort, in many cases the ‘business practices’ adopted on a program by program basis often impose additional hardships on grantees. Compliance with conflicting or redundant requirements often consumes resources that could be used for state services.

The lack of standardization also prevents efficiencies that could be obtained at the state level by streamlining and centralizing common steps and processes. Just as Maryland’s procurement reform effort, now underway, is forming a centralized group of attorney to increase the professionalism and standardize interpretations, Illinois, having adopted the standards of the OMB’s 2014 “Uniform Guidance” as their own state system, has been able to establish one office to deal with negotiation and setting of indirect cost rates across all state grant-makers.

The current fragmentation of programs also precludes the development of any meaningful state-level system of tracking and accounting for grants and grant funds. Literally no one knows how many state-funded grants are now in place or how many grantees there are. Grants systems, even online grant platforms where they exist, are mostly program or at best agency specific. A major object of these bills and benefit would be to facilitate the development and implementation of a state grants tracking, management and accounting system.

Senate Bill 630 and House Bill 1539, with the amendments being offered by the sponsor, would establish a process for the development and adoption of (1) a standardized application format, common budget and financial reporting standards, and related standard forms, and (2) a version of the OMB Uniform Guidance, “customized” or modified, and with variances appropriate for use across most state grant-making entities, and an appropriate timetable for implementation. The process is intended to assure strong participation by affected grant-making entities, providers and other grant recipients, including local governments that often are ‘intermediaries’ passing federal or state funds through to recipients.

A Council of grant-making entities and other stakeholders, including nonprofit providers and local government would establish workgroups broadly representative of the agency and stakeholder communities, and develop recommendations to the Department of Budget and Management for adoption of both the application materials and a version of the Uniform Guidance appropriate for Maryland grants.

These Bills do not establish or require a ‘one-size fits all’ or ‘line-by-line’ adoption of the OMB Uniform Guidance. It is the intention that there be modifications and variances included as part of the development process, and an exception or waiver process to deal with any issues arising after adoption.

The progress of this effort will be subject to ongoing annual reports to the General Assembly, and thereby the July 1, 2024 deadline in the statute can be extended if necessary.