

— DESTINATION —  
*Southern Maryland*

Written and Oral Testimony to the Health and Government Operations Committee

Name: Lucille W. Walker, Executive Director, Southern Maryland Heritage Area (public name: Destination Southern Maryland), and Chair, Maryland Heritage Area Coalition

Issue: HB 1539 Grant Applications and Reporting – Uniform Forms and Requirements

Position: Opposed

Date: Tuesday, March 10, 2020

Let me start by thanking you for your steadfast support of the Maryland Heritage Areas program.

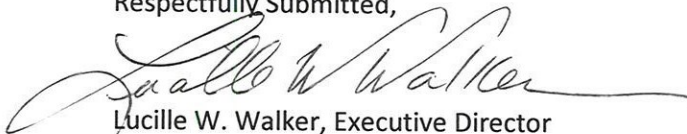
I am writing to express concern about HB1539 (the cross-file of SB630). The current bill may have unintended consequences as it does not appear to take into consideration that there are small grant programs administered by different State agencies, and these are frequently grants accessible to nonprofits and small municipalities that do not necessarily seek or receive federal grants or other Maryland grants. Applicants that tend to apply only to a single well-functioning Maryland Grant program (such as the Maryland Heritage Areas Authority) will not benefit from giving time to a Council or working groups to establish Uniform Guidance for Maryland, a process built into the current draft legislation. This sets up a process that will cause grant applicants and their state funding programs to divert normally time given to mission-driven work to protect a funding mechanism for their projects.

The bill plans for Uniform Guidance for federal grants to be modified for all Maryland's grant programs. When implementation is required, it will pose a hardship, even a barrier, to some of the organizations served by the Southern Maryland Heritage Area through Maryland Heritage Areas Authority grants. Small to mid-sized organizations will be forced to forego Maryland grant opportunities because the legal requirements, built-in costs that come with compliance, and the sheer volume of navigating a new application that reflects Uniform Guidance will exceed their capacity (especially all volunteer organizations).

You may hear that a study undertaken by the Urban Institute reveals the need for grant reform legislation. That study, concluded in 2012, and reported on in 2013, looked exclusively at Maryland human service nonprofits and Maryland human service grants. No attention was given to the host of Maryland grants that stimulate the economy through projects focused on history, the arts and culture, natural resources, tourism, and more. An inventory of State grants may be needed, but the elaborate provisions of the proposed legislation, with a Council and working groups, should not be necessary to achieve a working inventory of Maryland grant programs.

I hope you will agree that the time is not right for HB1539, even a modified version.

Respectfully Submitted,

  
Lucille W. Walker, Executive Director



March 9, 2020

TESTIMONY

Lisa Ludwig

Lower Eastern Shore Heritage Area

**OPPOSED**

REQUEST: Opposed to SB/630 HB1539 as it is currently written and recommend that this bill amended to exempt Maryland grants under \$250,000.

**SB630/HB1539** although revised to indicate it is a Study bill, we still foresee this to continue have unintended negative consequences for applicants to Maryland grant programs that do not now have to navigate the complexities of Uniform Guidance (developed for federal grants). The draft legislation states that "The Board shall adopt regulations that adopt the Uniform Guidance .... for all state and local agencies that award state or federal grant funds." And with the requirement being: "The creation of ... materials for use by grant-making agencies, grant applicants, and grant recipients in the State: a uniform grant application form; uniform financial controls and reporting; and uniform performance progress reporting requirements for grant recipients."

While this proposed bill may be useful for large health and human services grants in the multi millions, it would continue to be barrier to a large number of grantees of small organizations. The legislation does provide for the establishment of a Council that will develop a process for nonprofits to pursue exemption, however the pursuit of the exemption/waiver will require time that is hard to come by for nonprofits that are already stretched to provide services, especially when Maryland grants are already working well without this Uniform Guidance. Before even passing this bill even as a study, time is needed to determine who it really needs to serve as well the impact on successful, small granting organizations and grant recipients within the State/

During the Senate Hearing of SB630 (HB1539 is the cross file) it was stated that the Federal Uniform Guidance would be "modified" for Maryland, and that an amendment would soften the impact. We have reviewed the amendment, and still find that the final goal is to have one application for all state funded grants, which **will negatively** impact a number of small granting organizations and grant recipients.

In particular, the Maryland Heritage Area Program is considered a national model of excellence, and this is due in no small part to the attention paid to the application and reporting process for these grants. The Maryland Heritage Area grant applications and reporting are very user-friendly, very accessible, with particular attention paid to underrepresented communities and small (often volunteer) organizations. With this proposed legislation, a potential grantee from the Westside Historical Society in Wicomico County wanting to apply for \$1,000 for an oral history project would be required to use the **SAME** application and reporting structure as a \$25 MILLION Health and Human Services grant. Or Germantown School in Worcester Co who might want to apply for \$2000 to install an interpretive sign about their African American heritage center. Or Friends of Teackle Mansion in Somerset County wanting to apply for \$1500 for programing for their annual 4<sup>th</sup> grade Teackletonia project.



All of this still simply will not be possible and will disenfranchise small organizations throughout the entire state of Maryland. All would be required to now follow the **SAME** reporting structure as a \$25 MILLION Health and Human Service grant.

This proposed bill continues to be a "heavy lift" even for large, well-funded organizations with a full staff (and not feasible for small non-profits with an all-volunteer staff). Even as proposed Study would be a significant amount of time that would be required to be part of a Council that organizations with volunteer, minimal or small staff could not manage.

Even if this uniform guidance is "modified" the legislation as it is written **will still harm** small grant programs and grantees throughout Maryland by requiring the adoption of a uniform guidance application and reporting process (instead of being able to use carefully tailored and successful application and reporting systems created for small and unique organizations). Additionally, the adoption of this legislation could also require that small nonprofits go through an exemption/waiver process that would be complex all on its own, for no discernible reason or benefit.

**This proposed legislation has still the potential to provide barriers to funding to those who need it the most.**

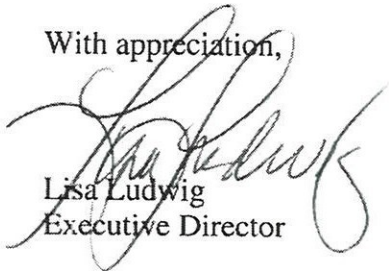
**A step back is needed to understand the field and its complexities, using thorough and unbiased methodology.**

**Essentially: What problem is this bill trying to solve? What is the IMPACT on small, successful Maryland Grant Programs and Grantees?**

**The impact of such legislation on all Maryland grant programs and their nonprofit grantees will be understood before implementation is law. An exemption for grants that are \$250,000 or under will provide protection from unintended negative consequences to successful small granting organizations, small grant recipients, and small nonprofits in the communities that we all care so much about.**

Thank you for your consideration on this matter.

With appreciation,



Lisa Ludwig  
Executive Director



## **Testimony to the House Health and Government Operations Committee**

**Name:** Gail Webb Owings, Executive Director  
**Organization:** Stories of the Chesapeake: The Heritage Area of Caroline, Kent, Queen Anne's, and Talbot Counties  
**Issue:** HB1539  
**Position:** Opposed

The Stories of the Chesapeake Heritage Area wishes to express its concerns about HB1539 and requests a change to a study bill and/or exempt grants under \$250,000. While well meaning, the bill has unintended consequences particularly for the numerous small mostly volunteer nonprofits found in the rural counties served by the Stories of the Chesapeake. Many applicants to grant programs such as those from the Maryland Heritage Area Authority, Rural Maryland Council, Maryland State Arts Council, the African American Heritage Preservation Grant Program, and Maryland Historical Trust that work closely with small non-profit organizations by providing small grants will be disenfranchised by the provisions of this bill.

The fact that the legislation provides for a Council that will develop a process and potential exemption for programs is not all that helpful. It means that small State grant programs and small nonprofits must devote time to protect their programs and those they serve from the requirements of this legislation. As you are aware, time is a scarce commodity for such agencies and groups, so the new law creates a burden of time to establish and then pursue an exemption process, just to keep doing grants the way that has been working for them all along.

Maryland's Heritage Area program is the most successful of its kind in the country and frequently used as a model for other states seeking to build a strong economic base in heritage tourism. MHAA and other similar programs have worked tirelessly to simplify their grants process to make their programs assessable to all Marylanders. This bill disregards these efforts and most likely result in a more complex process.

Clearly, many Maryland nonprofits and the State grant agencies they call upon for support weren't considered in the legislation as it is drafted. Perhaps a step back to understand the field and its complexities, using thorough and unbiased methodology, makes more sense. That way, the impact of such legislation on all Maryland grant programs and their nonprofit grantees, will be understood before implementation is law.

Over the years, we've seen that a one size fits all rarely works for Maryland. It is doubtful that a one grant process for all will work either.

Thank you for your consideration.





## Testimony to the Health and Government Operations Committee

**Name:** Elizabeth Scott Shatto, Executive Director  
**Organization:** Heart of the Civil War Heritage Area (HCWHA)  
**Issue:** HB 1539 Grant Applications and Reporting – Uniform Forms and Requirements  
**Position:** Opposed  
**Date:** Tuesday, March 20, 2020

Let me start by thanking you for your steadfast support of the Maryland Heritage Areas program. As you know, because the Heart of the Civil War Heritage Area (HCWHA) is certified by MHAA, nonprofits within our boundaries in Carroll, Washington and Frederick counties are eligible to apply for MHAA grants. Last year, HCWHA helped secure nearly \$1 million in grant dollars that support projects that generate heritage tourism and stimulate local economies. I am proud that our grantees include small, all-volunteer organizations, mid-sized nonprofits and even government units.

I am writing to express concern about HB1539 (the cross-file of SB630). The current bill may have unintended consequences as it does not appear to take into consideration that there are small grant programs administered by different State agencies, and these are frequently grants accessible to nonprofits and small municipalities that do not necessarily seek or receive federal grants or other Maryland grants.

### CARROLL COUNTY

HAMPSTEAD  
MANCHESTER  
MOUNT AIRY  
NEW WIN  
SYKESVILLE  
TANEYTOWN  
UNION BRIDGE  
WESTMINSTER

Applicants that tend to apply only to a single well-functioning Maryland Grant program (such as the Maryland Heritage Areas Authority) will not benefit from giving time to a Council or working groups to establish Uniform Guidance for Maryland, a process built into the current draft legislation. This sets up a process that will cause grant applicants and their state funding programs to divert normally time given to mission-driven work to protect a funding mechanism for their projects.

### FREDERICK COUNTY

ERUNSWI  
EUKITTSVILLE  
EMMITSBURG  
FREDERICK  
MIDDLETOWN  
MOUNT AIRY  
MYERSVILLE  
NEW MARKET  
ROSEMONT  
THURMONT  
WOODSBORO

The bill plans for Uniform Guidance for federal grants to be modified for all Maryland's grant programs. When implementation is required, it will pose a hardship, even a barrier, to some of the organizations served by the Heart of the Civil War Heritage Area through Maryland Heritage Areas Authority grants. Small to mid-sized organizations will be forced to forego Maryland grant opportunities because the legal requirements, built-in costs that come with compliance, and the sheer volume of navigating a new application that reflects Uniform Guidance will exceed their capacity (especially all volunteer organizations).

### WASHINGTON COUNTY

BOONSBORO  
CLEAR SPRING  
FUNKSTOWN  
HAGERSTOWN  
HANCOCK  
KEEDYSVILLE  
SHARPSBURG  
SMITHSBURG  
WILLIAMSPORT

You may hear that a study undertaken by the Urban Institute reveals the need for grant reform legislation. That study, concluded in 2012, and reported on in 2013, looked exclusively at Maryland human service nonprofits and Maryland human service grants. No attention was given to the host of Maryland grants that stimulate the economy through projects focused on history, the arts and culture, natural resources, tourism, and more. An inventory of State grants may be needed, but the elaborate provisions of the proposed legislation, with a Council and working groups, should not be necessary to achieve a working inventory of Maryland grant programs.

I hope you will agree that the time is not right for HB1539, even a modified version.

Respectfully submitted,

Elizabeth Scott Shatto, Executive Director



## Testimony to the Health and Government Operations Committee

**Name:** Kristen McMasters, Board President  
**Organization:** Historical Society of Carroll County, MD (HSCC)  
**Issue:** HB 1539 Grant Applications and Reporting – Uniform Forms and Requirements  
**Position:** Opposed  
**Date:** Tuesday, March 20, 2020

As a word of introduction, I represent a small nonprofit heritage organization that has benefited from your support of the Maryland Heritage Areas program. As an organization, we have 80 years of sharing the stories of Carroll County history as private organization that is member based. Last year we benefited from a small \$5000 grant from the Heart of the Civil War Heritage Area which administers funds from the Maryland Heritage Area program. The previous year we secured a \$50,000 grant for a new exhibit about the history of Carroll County. While that may seem like small ventures, they are huge for our organization and make a terrific difference to our programming. The MHA program is one of a very few funding sources we can apply for local heritage projects that generate heritage tourism and stimulates our local economy. We have a tiny paid staff and I am one of over 100 volunteers that serve the organization.

Before I began volunteering for the HSCC, I worked for the National Park Service as a Federal grants manager for the American Battlefield Protection Program for over 18 years. I was responsible for all the day to day operations of our grants from announcements of applications to the final project close out reports. For over 2 years I directly worked with the Federal Uniform Guidance (2CFR 200.) I can assure you, that 2CFR200 was difficult and frankly detrimental to our heritage work with nonprofits and grantees. There were far reaching consequences to our mission and mandate to assist nonprofits, universities, Tribal, State and Local governments.

First of all the paperwork burden was magnified for all grant parties. The grant agreements which had been about 8 to 10 pages in length ballooned to over 40 pages per grant agreement. Far from being straightforward agreements, many extraneous requirements were forced on small nonprofits. Below is a short list of onerous and frankly useless requirements found in 2CFR200.

- All projects required a \$1 million Certificate of Liability of Insurance. The HSCC has a small \$5000 App development grant that will be developed by a contractor and our curator. Why in the world would we need a Certificate of Liability of Insurance in order to do our grant? This is basically an office project and that level of insurance is beyond our normal needs by far.
- All grant projects are required to have a host of requirements like wearing seatbelts, a drug free workspace, non-hiring of illegal workers, and assurances of no human trafficking. The list is exhaustive. Although those are certainly nice sentiments, that kind of assurances, declarations and monitoring require both the grants managers and the grantee precious time in management, worse it leads to nonprofits having to consult lawyers as to how to demonstrate their adherence to all the myriad of requirements. For small nonprofits, this paperwork mountain is often enough discouragement to avoid application for wonderful projects.
- All nonprofits had to register through the Federal System for Award Management (SAMS) and then be monitored through a massive computer system. This forced nonprofits to do all basic functions like file simple quarterly reports through a quirky computer system rather than just post it in the mail or fax it to their grant manager. It made every simple function of grants management far more complex and rigid than the basic management practices used for years by the various programs to fit the grant program and the needs of the grantees. In this case, one size definitely did not fit all. The vast majority of complex requirements applied only to huge and massive grant projects and not small projects.

- Many nonprofits gave up before even applying for grants due to the paperwork burden.

After all my years as a grant manager using 2CFR200 and now as a leader in local heritage preservation, I cannot see a single benefit to this legislation for small nonprofits in cultural or natural preservation. In fact the real costs of application, management and grant product I fear will be shifted down to the most local level. I am really concerned that most organizations cannot adequately bear the costs. My organization would need to increase our overhead to cover the additional costs of insurance, data management and training as well as the new computer requirements and administration. For groups looking for grant relief, this would be a most unwelcome outcome.

I hope you will agree that HB1539, or even a modified version, would be very cumbersome and detrimental to small nonprofits. Feel free to contact me if I can be of any assistance.

Respectfully submitted,  
Kristen McMasters, HSCC Board President