



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Members of the Health and Government Operations Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB1539 (SB0630)
DATE: March 10, 2020

LETTER OF INFORMATION

The proposed legislation may create additional burdens and complexities for grant-implementing state agencies and the Marylanders that these agencies serve.

House Bill 1539 requires that the Board of Public Works adopt regulations to in turn adopt Parts A through E of the Uniform Guidance for all State and local agencies that award State or federal grant funds before July 1, 2022, and the Uniform Guidance in its entirety by July 1, 2024. A wholesale adoption of the federal Uniform Guidance is challenging because there are differences between federal and State laws, as well as operational differences.

In its role as the State's energy office, the Maryland Energy Administration (MEA) provides grants and rebates for eligible energy projects across the State. During fiscal year 2019, MEA issued over 4,000 grant and rebate awards totaling over \$24 million. MEA's applicant pool is highly diverse, offering energy programs for all sectors of Maryland's economy. This variety is exemplified in the size of the fiscal year 2019 awards, which ranged from \$60 to \$2,000,000.

MEA's past program participants include individuals, businesses, non-profit organizations, large institutions, and state and local government entities. Within MEA's existing program offerings, an individual homeowner may apply for a rebate for a solar photovoltaic system, a non-profit organization may apply for a project to implement energy efficiency upgrades at a homeless shelter, and a local government may apply for an award related to electric vehicle deployment. Some energy programs are competitive while others are first-come, first-served for eligible applications. A uniform grant application may not be the best approach to account for the nuances of each individual energy program; including the desired outcomes of the program, target audience, and other factors. Grant applications should allow some flexibility for individual agencies to enable the collection of the appropriate programmatic-information for grant evaluation and management.

Two examples examples of challenges that may arise from House Bill 1539 are as follows:¹

¹ [Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200.](#)

- Title 2, Subtitle A, Chapter 2, Part 200, §200.18 defines “Cognizant agency for audit” as “the Federal agency designated to carry out the responsibilities described in §200.513 Responsibilities, paragraph (a). The cognizant agency for audit is not necessarily the same as the cognizant agency for indirect costs. A list of cognizant agencies for audit may be found at the [Federal Audit Clearinghouse] Web site.” A word-for-word adoption of this definition could act as an obstruction, as there are State agencies, including MEA, that implement grant programs that are not federally-funded.
- Title 2, Subtitle A, Chapter 2, Part 200, §200.77 defines “Period of Performance” as “time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award (see §§200.210 Information contained in a Federal award paragraph (a)(5) and 200.331 Requirements for pass-through entities, paragraph (a)(1)(iv)).” If adopted as written, this definition for Period of Performance would not be applicable for grant programs funded through non-federal funds.

MEA requests you take this information under advisement when considering how to report on House Bill 1539.