

Maryland Efficient Grants Application Council 2024 Report

Department of Budget & Management

December 31st, 2024



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor

HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

December 31, 2024

The Honorable Wes Moore
Governor
100 State Circle
Annapolis, Maryland 21401

The Honorable Bill Ferguson
President, Senate of Maryland
H-107 State House
100 State Circle
Annapolis, Maryland 21401

The Honorable Adrienne A. Jones
Speaker, Maryland House of Delegates
H-101 State House
100 State Circle
Annapolis, Maryland 21401

Dear Governor Moore, President Ferguson, and Speaker Jones:

In accordance with Chapter 484 of the Acts of 2020, Section 2 (2), and Chapter 485 of the Acts of 2022, Section 2(2), the Department of Budget and Management shall, on or before December 31 of the calendar year 2022 through 2028, report to the General Assembly on the progress of the implementation of this [Grant Applications and Reporting - Uniform Forms and Requirements] Act, including any recommendations of the Maryland Efficient Grant Application Council. A copy of the report is attached.

Sincerely,

Helene Grady
Secretary for Budget and Management

Cc: Dana Phillips, Legislative Director, Maryland Department of Budget and Management

Maryland Efficient Grants Application (MEGA) Council

2024 Year-End Report

Report to the General Assembly on the progress of implementing this Act, 22, including any Maryland Efficient Grant Application Council recommendations.

SB 630/Ch. 485(2(1)), 2020 and HB 1539/Ch. 484(2(1)), 2020 (MSAR # 12571)

Final version: December 31, 2024

Responsible Authority: Helene T. Grady, Chair, Secretary Department of Budget and Management

Council Members

State Agency Representatives

Helene T. Grady (Chair), Secretary, Department of Budget and Management

Wallace Sermons II, Chief Procurement Officer, Department of General Services (DGS)

Designee: ChiChi Nyagah-Nash, Acting Deputy Secretary, DGS

Dereck E. Davis, State Treasurer

Designee: Megan Schutz, Executive Assistant to Treasurer, State Treasurer's Office

Brooke E. Lierman, Esq., Comptroller of Maryland

Designees: Jasmine Clemons, Director of the Board of Public Works, and Ben Seigel, Deputy Comptroller for Policy, Public Works & Investment, Office of the Comptroller

Anthony G. Brown, Attorney General

Designee: Beverly Pivec, Director of Budget and Fiscal Services, Attorney General Office

Laura Herrera Scott, MD, Secretary, Department of Health

Designee: Amalie Brandenburg, Chief Financial Officer, Department of Health

Rafael J. López, Secretary, Department of Human Services

Designee: Gloria Brown Burnett, Deputy Secretary of Operations Department of Human Services

Jacob R. Day, Secretary, Department of Housing and Community Development (DHCD)

Designee: Bryan Holtzapple, Grants System Manager, DHCD

Kevin M. Atticks, Secretary, Department of Agriculture

Designee: Bonnie Brady, Agency Grants Manager, Department of Agriculture

Serena C. McIlwain, Secretary, Department of the Environment

Designee: Cia Cook, Director, Business Administration, Department of Environment

Dr. Carey Wright, State Superintendent of Schools

Designee: Donna Gunning, Assistant Superintendent, Office of Finance, Maryland State Department of Education

Paul G. Pinsky, Director of the Maryland Energy Administration

Designee: Emily Soontornsaratool, Assistant Division Director for Energy Programs, Maryland Energy Administration

Dorothy Lennig, Executive Director of the Governor's Office of Crime Prevention and Policy

Designee: Mary Abraham, Grants Federal Reporting Manager, Governor's Office of Crime Prevention and Policy

Catherine "Cassie" Motz, Chair of the Maryland Higher Education Commission (MHEC)

Designee: Geoff Newman, Assistant Secretary, Finance and Administration, MHEC

Joshua Kurtz, Secretary, Department of Natural Resources

Designee: Lauren Buckmaster, Director of Financial and Administrative Services, and Kamil Williams, Senior Advisor, Department of Natural Resources

Nonprofit Representatives Appointed by Governor Moore

Nancy Easterling, Executive Director, Historic Sotterley, Inc.

Saundra Washington, Executive Director, Lifestyles of Maryland

Gail Owings, Executive Director, Eastern Shore Heritage Inc

Nonprofit Representative Appointed by President of the Senate, Bill Ferguson

Irene Tai, Grants Administrator, Abell Foundation

Nonprofit Representative Appointed by Speaker of the House, Adrienne Jones

John Brothers, President, T. Rowe Price Foundation

Maryland Association of Counties (MACo) Representative

Diane Fouche, Director, Procurement and Contracting, Frederick County

Maryland Municipal League (MML) Representative

Jesse Buggs, Director, Grant Development and Administration, City of Bowie

Department of Budget and Management Staff

Raquel Coombs, Chief of Staff

Joan Peacock, Director of Audit and Finance Compliance Unit

Dana Phillips, Director of Legislative & Intergovernmental Relations

Mike Morello, Management Analyst

Other Participating State Agency Representatives

Erik Lyon, Portfolio Officer, Department of Information Technology

BACKGROUND

The State of Maryland administers billions in grants annually across at least 30 state agencies and thousands of grant programs. Management, oversight, and reporting for these programs are often fulfilled via decentralized, manual, and cumbersome processes localized at an agency level. This frequently results in administrative challenges for state grant-making agencies, nonprofits, local governments, and other organizations seeking grant funding or receiving grant awards.

In an effort to address some of these issues, Chapters 484 and 485 of 2020 established the Maryland Efficient Grants Application (MEGA) Council (the Council) to study and make recommendations regarding the entire grants life cycle, including creation of Uniform Grant Application Materials, financial controls and reporting and regulations adopting the Federal Uniform Guidance. The Council began its work in the calendar year 2021.

LEGISLATIVE CHANGES DURING 2024

Realizing that the Council needed more time to fully achieve the specific goals set, the Maryland General Assembly passed SB459, introduced by Senator Kagan in the Senate and cross-filed as HB418 in the House by Delegate Stein, during the 2024 legislative session. The new legislation changes the Council's authorizing statute by naming the Secretary of Budget and Management (or designee) as the Chair of the Council, adding the Comptroller (or designee) to the Council, extending the termination date and most related reporting deadlines by four years, removing all references to the Governor's Grants Office, and adding a requirement to study the feasibility of creating a State Grants Ombudsperson.

PURPOSE OF THE COUNCIL

To improve efficiency, streamline and reduce redundant processes, reduce paperwork and administrative burdens on both granting agencies and grant recipients, the Council is to conduct a study and make recommendations. The study should cover the entire grants life cycle, specifically including recommendations regarding:

1. The creation of materials for use by grant-making agencies, grant applicants and grant recipients in the State:
 - a. A uniform grant application form;
 - b. Uniform financial controls and reporting requirements for grant recipients; and,
 - c. Uniform performance progress reporting requirements for grant recipients.
2. The creation of a State Grants Ombudsperson, who would:
 - a. Assist with accessing and navigating State grant programs;
 - b. Address delays in grant-making processes; and,
 - c. Share information on grant opportunities across government levels.
3. Regulations adopting each part of the federal 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 grant programs, grant-making entities, grantees, and / or subrecipients; and,
4. Timeframes and deadlines for implementation.

Statute requires the Council to solicit the input of diverse stakeholders including the grant-making agencies and organizations representing local governments, grant professionals, experts in nonprofit accounting and auditing, and nonprofit service providers. The designated Council members represent a broad range of issues and topics important to communities and grant-funded programs across the State. As it continues its work to develop recommendations, the Council will take efforts to ensure appropriate stakeholders representing diverse backgrounds, the demographic diversity of the State, and the diversity of grant programs and grant recipients are included and asked to provide input.

It is important to note that the Council authorizing statute defines “Grant” as related to this statute that refers to the Council and what they are to study. This definition includes specific exclusions, namely the exemption of direct government cash assistance to an individual; subsidies; loans; loan guarantees, insurance; grants made by the State higher education system, the capital budget, the Department of Transportation, or the Maryland Technology Corporation; business development grants made by the Department of Commerce; or State funding that is required annually and is calculated through a formula set in statute.

SUMMARY OF MEGA COUNCIL ACTIVITY IN 2024

With changes to the Council’s composition and structure as well as staff changes, this past year was a year of change for the Council and provided an opportunity to reorganize and focus efforts. Highlights of 2024 include:

- Passage of SB459 (HB418) during the 2024 legislative session that made changes to the Council’s authorizing statute;
- Changes in the Council’s membership, including the Secretary of the Department of Budget and Management (DBM) or designee as Council Chair;
- Reviewing the prior work accomplished by the Council;
- Reconvening of the Council after legislative changes; and,
- Establishment of workgroups, as permitted and encouraged in statute, that leverage off of prior work conducted by the Council.

In 2024, the Council met on October 30, 2024. This meeting introduced new members and reviewed the purpose of the Council and the changes made following the passage of legislation during the 2024 legislative session. Senator Kagan was present and provided a summary of some of the work previously done by the Council, her expectations of the Council, and announced potential legislation she planned to propose that may have effects on State grants.

The Council will continue the work that began in 2021 to study the grants life cycle related to state grants issued by Maryland state agencies. The previous efforts during the Council’s

meetings and supplemental workgroup efforts resulted in many key observations and recommendations. Most of these were highlighted and reported in the 2021 MEGA Council Year-end report. This Council plans to continue its efforts, leveraging and building off of the work already accomplished.

To build on the Council's work and move forward, the Council has established supplemental workgroups to address and focus on key areas. The workgroups were primarily developed from the key observations made by the previous Council work as identified in the 2021 MEGA Council Year-end report. These workgroups are being developed to continue the efforts of the Council to study the grants life cycle, to improve efficiency, streamline and reduce redundant processes, and make recommendations regarding the creation of uniform State grants application and reporting requirements as well as regulations to adopt applicable portions of the federal Uniform Guidance. Five workgroups were identified to tackle the issues raised:

1. Budget,
2. Customer Service,
3. Applications,
4. Monitoring and Reporting, and
5. State Grants Ombudsperson.

See Appendix B for details related to current potential goals for each workgroup.

A Chair was assigned to each workgroup, and Council members were asked to volunteer to participate as members of a workgroup. The first task for each workgroup to accomplish is to determine what goals and recommendations can be achieved by the workgroup given time and resource constraints and to develop a timeline or milestones to be accomplished, keeping in mind the Council's required reporting deliverables. (See Appendix C.) Workgroup efforts will be shared and reported to the entire Council during quarterly meetings for open discussion and to develop final Council recommendations.

The members discussed the importance of obtaining feedback from the various types of grantees as well as from the diverse population of non-profits or grant sub-recipients. This includes the potential to add additional members to the workgroups who would be valuable contributors but are not Council members. Council members stressed the importance of ensuring feedback was obtained from appropriate stakeholders, representing the diversity of the types of State grant programs and grant recipients, before the Council develops recommendations for any Statewide policy or regulations.

The workgroups will continue efforts with the final goal of working toward complete recommendations to be presented in the Council's final report to the General Assembly, as noted in Appendix C, due July 1, 2027. The State Grants Ombudsperson workgroup will help facilitate the discussions with the Council, bringing recommendations for the Council to consider. The

timeline for this workgroup is more aggressive, as the Council is required to report to DBM by July 1, 2025, on their recommendations for establishing the State Grant Ombudsperson position.

LOOKING AHEAD - COUNCIL FOCUS IN 2025

In summary, the Council and its workgroups will continue their work to study the grants life cycle, addressing grant management challenges in administering State grants to meet the legislative reporting deliverables, as noted in Appendix C. The Council aims to create a more efficient and equitable grant process for State agencies and non-profits by standardizing processes and improving transparency. As it continues its work in developing recommendations, the Council will make efforts to ensure appropriate stakeholders representing diverse backgrounds, the demographic diversity of the State, and the diversity of grant programs and grant recipients are included and asked to provide input.

The Council's efforts in the upcoming year will focus on recommendations to standardize budget elements, enhance customer service, develop a uniform State grant application, standardize requirements related to audits, monitoring, and reporting, and establish a State Grants Ombudsperson role. The Council meetings will be held quarterly in 2025. (See Appendix A for information on Meeting dates.)

Appendix A

Meeting Dates

MEGA Council Meetings Held in 2024

- October 30th, 2024, 4:00 pm -5:30 pm

Upcoming MEGA Council Meetings

- January 29th, 2025 4:00 pm -5:30 pm
- April 30th, 2025 4:00-5:30 pm

The MEGA Council plans to hold quarterly meetings. Meeting information and recordings are available on the Department of Budget and Management Maryland Grants Application Council website found at dbm.maryland.gov/employees/Pages/megacouncil.aspx

Appendix B

MEGA Council Workgroups

The specific goals for each workgroup below will be defined by the workgroup. For any recommendations proposed, each workgroup will develop an implementation plan, including timelines and deadlines, for State agencies to follow.

Budget Workgroup

Designated Chair: Lauren Buckmaster, Director of Financial and Administrative Services, Department of Natural Resources

The Budget workgroup's main objective is to recommend consistent and effective budget practices for State grant programs. The Budget Workgroup will focus on key initiatives to develop recommendations for standardization of the state grant budget process. The proposed focus areas for this workgroup include the following:

- define allowable and unallowable costs and ensure these definitions are included in the Notice of Funding Opportunity (NOFO);
- explore the development of a standardized budget template to be included in NOFOs and award packages;
- create statewide guidance on indirect costs and administrative overhead, as outlined in State Finance and Procurement (SF&P) § 2-208;
- recommend processes for agencies to approve indirect costs and rates at the application stage; and,
- evaluate the potential alignment of State grant budget requirements with federal Uniform Guidance.

Customer Service Workgroup

Designated Chair: TBD

The Customer Service Workgroup will focus on developing recommendations to enhance the accessibility, transparency, and efficiency of State grant processes. These efforts will streamline the grant application process and enhance applicants' experience. The proposed focus areas of this workgroup include recommendations on the following:

- a centralized portal or website where all state grant opportunities can be advertised, with processes and guidelines to ensure timely and consistent postings by State grant-making agencies;
- a comprehensive directory of state grant points of contact to make it easier for applicants and nonprofits to access the resources and support they need; and,

- determine key elements to be included within pre-award information about payment and reimbursement policies, processes, and expectations.

Applications Workgroup

Designated Chair: Mary Abraham, Grants Federal Reporting Manager, Governor's Office of Crime Prevention and Policy

The Applications Workgroup will focus on creating a more consistent and user-friendly grant application process across state agencies. The proposed focus areas of this workgroup include the following:

- a standardized application form that includes critical key elements required for all grant applications, ensuring clarity and uniformity for applicants;
- obtain examples of successful grant applications and other standardized materials and make them available to assist potential applicants; and
- standardized grants-related definitions, terms, conditions, and abbreviations, continuing previous Council's work.

Monitoring and Reporting Workgroup

Designated Chair: Joan Peacock, Director of Audit and Finance Compliance Unit, Department of Budget and Management

The Monitoring and Reporting Workgroup will focus on establishing consistent standards and tools to enhance oversight and accountability for state grants. These efforts aim to strengthen the integrity and efficiency of grant management while ensuring consistency across State grant programs. The proposed focus areas of this workgroup include the following:

- standardized pre-award risk assessment tool to determine appropriate levels of audit, monitoring, and site visits for grantees;
- statewide standards for grantee progress and financial reporting, reviewing how these should be aligned with federal Uniform Guidance to ensure consistency, where possible; and,
- uniform standards for grant monitoring, audits, and closeout processes, also reviewing where it is possible to align with the federal Uniform Guidance.

State Grants Ombudsperson Workgroup

Designated Chair: Jasmine Clemons, Director of the Board of Public Works, Office of the Comptroller

The State Grants Ombudsperson workgroup will focus on gathering information related to the feasibility of establishing a State Grants Ombudsperson. As mentioned, the timeline for this workgroup is more aggressive, as the Council is required to report to DBM by July 1, 2025, their recommendations for establishing the State Grant Ombudsperson position. The proposed focus of this workgroup includes the following areas, as outlined in statute:

- defining the Ombudsperson's scope and responsibilities;
- outlining how the position will support state grant processes; and,
- determining the resources and authority needed to address concerns raised by grant applicants and recipients effectively.

Appendix C

Legislative Timeline and Deliverables

- **December 31, 2025** - DBM shall report on the MEGA Council's progress in the implementation of this Act, as well as the Council's recommendations on the designation of a State Grants Ombudsperson, including recommendations on the timeline and deadlines.
- **December 31st of years 2026-2028** - DBM shall report on the progress of implementation of this Act, including any MEGA Council recommendations.
- **July 1, 2027** -The MEGA Council shall submit a final report on its complete recommendations to the General Assembly, as the legislation requires.