

(1) THE SECRETARY SHALL ESTABLISH DEMONSTRATION PROJECTS THROUGH GRANTS TO:

- (I) NONPROFIT ORGANIZATIONS;
- (II) LOCAL EDUCATION AGENCIES;
- (III) LOCAL MANAGEMENT BOARDS;
- (IV) LOCAL HEALTH DEPARTMENTS;
- (V) RELIGIOUS ORGANIZATIONS; AND
- (VI) INSTITUTIONS OF HIGHER EDUCATION.

(2) THE ENTITIES LISTED IN PARAGRAPH (1) OF THIS SUBSECTION SHALL JOINTLY DEVELOP PROPOSALS FOR DEMONSTRATION PROJECTS UNDER THIS SECTION WITH LOCAL DEPARTMENTS.

(3) AT LEAST ONE OF THE DEMONSTRATION PROJECTS UNDER THIS SECTION SHALL BE LOCATED IN A COUNTY OTHER THAN THE TWO COUNTIES WITH THE LARGEST NUMBERS OF FIP RECIPIENTS.

(B) FUNDING.

(1) THE SECRETARY SHALL AWARD GRANTS FOR DEMONSTRATION PROJECTS UNDER THIS SECTION THROUGH A COMPETITIVE BID PROCESS THAT INCLUDES:

(I) THE ISSUANCE OF A REQUEST FOR PROPOSALS; AND

(II) THE ESTABLISHMENT OF AN EVALUATION PANEL TO REVIEW COMPETING PROPOSALS AND TO MAKE A RECOMMENDATION TO THE SECRETARY CONCERNING WHICH PROPOSALS HAVE THE GREATEST PROGRAMMATIC AND FINANCIAL MERIT.

(2) (I) NOT MORE THAN 50% OF THE FUNDS ALLOCATED FOR DEMONSTRATION PROJECTS UNDER THIS SECTION MAY BE ALLOCATED TO A SINGLE DEMONSTRATION PROJECT.

(II) THE FUNDS ALLOCATED FOR DEMONSTRATION PROJECTS UNDER THIS SECTION ARE INCENTIVE FUNDS OVER AND ABOVE ANY TRANSFER OF FIP BENEFITS TO A THIRD PARTY PAYEE.

(3) FUNDS ALLOCABLE TO DEMONSTRATION PROJECTS UNDER PARAGRAPH (2) OF THIS SUBSECTION SHALL, IF FEASIBLE, BE USED FOR DEMONSTRATION PROJECTS IN THE COUNTIES THAT GENERATED THE SAVINGS REALLOCATED TO DEMONSTRATION PROJECTS UNDER § 5-316(E) OF THIS SUBTITLE.

(4) WHEN AWARDING GRANTS UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE SECRETARY SHALL GIVE PRIORITY IN FUNDING FOR AT LEAST 20% OF THE FUNDS ALLOCATED TO DEMONSTRATION PROJECTS UNDER THIS SECTION TO REGIONAL PROPOSALS FROM TWO OR MORE COUNTIES IN THE STATE.