



## TESTIMONY IN SUPPORT OF HB 1

Labor and Employment – Maryland Healthy Working Families Act

House Economic Matters Committee

February 10, 2023

Submitted by Kali Schumitz and Mark Huffman, Co-Chairs

### Member Agencies:

211 Maryland

Baltimore Jewish Council

Behavioral Health System Baltimore

CASH Campaign of Maryland

Energy Advocates

Episcopal Diocese of Maryland

Family League of Baltimore

Fuel Fund of Maryland

Job Opportunities Task Force

Laurel Advocacy & Referral Services,  
Inc.

League of Women Voters of Maryland

Loyola University Maryland

Maryland Center on Economic Policy

Maryland Community Action  
Partnership

Maryland Family Network

Maryland Food Bank

Maryland Hunger Solutions

Paul's Place

St. Vincent de Paul of Baltimore

Welfare Advocates

### Marylanders Against Poverty

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**Marylanders Against Poverty (MAP) strongly supports SB112**, which would require state grant invoices to be paid within 30 days of receipt by the state's grant-making entity.

Maryland's current 'prompt pay' laws do not apply to the reimbursable grant agreements that are used with most state grant programs. Delays in receipt of promised state dollars directly affect the nonprofit community, as these organizations may not have significant cash reserves to foot the bill.

Even prior to the increased needs of the COVID-19 pandemic, a Maryland Nonprofits survey completed in 2020 that included more than 700 organizations found that 45% had less than 60 days of cash reserve, and a third had less than 30 days. This has only been exacerbated over the past three years.

SB112 would require state grants to be promptly paid within 30 days of receiving a proper invoice (can be defaulted up to 7 additional days without penalty). If payment is not made by this deadline, a 9% interest rate will be accrued per year on the amount that is due. Similar prompt payment procedures have already been in place for state procurement contracts for roughly 40 years.

A majority of the nonprofits across Maryland provide services for the otherwise underserved. On top of the fiscal impact of carrying out their missions, these organizations have the same financial obligations as other small businesses including rent, payroll, employee benefits, etc. It is imperative that promised state funds are paid out to these entities in a timely fashion.

**MAP appreciates your consideration and urges the committee to issue a favorable report for SB112.**

***Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.***